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**advisory task force on housing policy**

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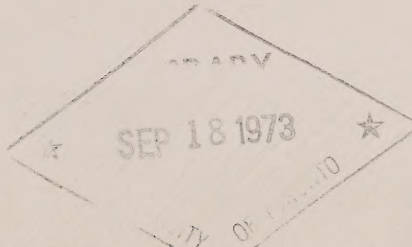
D - Housing Assistance

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Report on Public Participation Program: Summary of Briefs and Public Meetings. \$1

The Housing Production Process in Ontario; Ontario Housing Advisory Committee, April 1973. \$1

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NOTE: These are staff reports which were prepared for consideration by the Task Force and provide the basis for the Task Force Report. The Task Force members are in general agreement with the material in these Working Papers, but they do not necessarily represent the views of each member.

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ONTARIO ADVISORY TASK FORCE ON HOUSING POLICY

Working Paper C

LAND FOR HOUSING

June 1973



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## 1. THE ISSUE

Without land there can be no housing. New housing, housing redevelopment, community and commercial facilities supporting housing development all use land. Most of the housing development and redevelopment occur now in urban areas, so the main issue concerns urban or urbanizing land. Equally, however, the satisfactory provision of land for urban purposes implies the suitable conservation of land for non-urban purposes.

In Ontario "urban land" for all practical purposes means serviced land -- land with water supply, sewer lines leading to treatment plants, and roads suitable for cars, trucks and buses. In addition, urban land for housing must include school sites and other community facilities.

As Ontario's population grows and as it becomes concentrated in urban areas, the supply of urban land has emerged as a crucial issue. Urban land, either in the form of newly serviced land or of redevelopment land to accommodate higher densities (which normally replace older developments in central cities) is in great demand.

There is much raw land, enough to meet needs. There is less accessible land suitable for urban development but still sufficient for absorbing development demands if scattered development were permitted. There is a limited amount of land with all major services (water mains, trunk sewer lines, and roads) available for urban development. And there is relatively little fully serviced land for housing, at least in relation to present and foreseeable need.

Because the demand for urban land is not being satisfied, analysis of the high cost or limited availability of housing in Ontario gives central importance to factors affecting the demand for and availability of land.

Research prepared for the Task Force (Ref. 1\*) shows that of the three main housing production factors -- land, labour, and materials -- land cost has consistently increased at a higher rate since 1961 in all major urban areas of the province. (Table 1).

In the 12 cities which account for over 60 percent of Ontario's population, land costs for houses have increased two-, three- and fourfold between 1961 and 1971 while the cost of labour has at the most doubled and the price of materials used in housing construction has gone up by 45 percent.

The same study (Ref. 2) indicates that, at least in some areas, land costs represent a large and increasing proportion of housing costs. For example, in seven of 12 Ontario cities included in the investigation, increases in land costs were the largest single contributor to increases in monthly costs of homeownership occurring between 1961 and 1971. Increased labour costs in some cities, combined with higher interest rates, also contributed significantly to higher homeownership costs. (Table 2).

Increases in land costs have not been uniform throughout the province, but in many urban areas they have increased even more rapidly since 1971.\*\* The most dramatic increases have occurred in the Metropolitan Toronto area, where the average price of a serviced lot in March, 1973 (\$22,000) represented an increase of perhaps 100 percent over the previous year.

This rapid rise in land prices has occurred not only throughout the Toronto area, but is extending west to Hamilton and east to Oshawa and is reflected to some degree in places up to 50 miles from Toronto. A similar

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\*All reference notes at end of report.

\*\*Data since 1971 concerning labour and material cost is not readily available in suitable form, but there are indications that these are also escalating rapidly, though not to the same extent as land costs.

trend is apparent in Ottawa and may soon occur in urban areas across the province. (Ref. 3) As a result, whereas land cost represented between 20 and 40 percent of the cost of a new house in 1971 (Ref. 4) it now accounts for over 50 percent in the Toronto area.

## 2. HOUSING DEMAND AND LAND COSTS

At the most general level of analysis, increased land costs can be viewed as a result of increased demand for land in specific areas of the province, that is, in areas that are experiencing rapid population growth. In other words, increases in land costs can be attributed to Ontario's increasing rate of urbanization, and it is true that the largest and most rapidly growing cities (Toronto, Ottawa, Hamilton) have all recently experienced sharp increases in the price of land.

But population pressure alone does not adequately explain land cost increases. A study by the Ontario Welfare Council (Ref. 5) in a selected number of communities shows that lot price increases between 1971, 1972 and 1973 do not correlate with population trends. (Table 3).

The growth rate experienced by various cities over the last few years has varied markedly, but residential lot prices have not reflected these variations consistently. Sarnia, for example, has undergone an absolute decline in population in the last 18 months, while lot prices have been increasing. A similar phenomenon has occurred in Sudbury, where population ceased to increase after 1971, and is expected to show an absolute decline by 1976. In the Kitchener area, on the other hand, population has been increasing rapidly and steadily, but land prices have risen only slowly. Other factors besides changes in population size must be at work.

In addition to pressures on the residential market exerted by simple population increase, changes in population

characteristics produce increased demand for housing, even when population figures remain relatively stable.

For example, the post-war "baby-boom" has been responsible for recent increases in the number of young families with children seeking single-family or equivalent density accommodation. (Ref. 6) Rising incomes have also been a factor. During the last 10 years, average incomes in Ontario have increased more rapidly than the cost of living, with the most significant increases occurring in urban areas. As a result, families are now able to devote a larger proportion of their incomes to shelter than they were in 1961. (Ref. 7) Many more households, both family and non-family, seek self-contained accommodation.

Increased consumer demand for housing may also have resulted from a slight decline in the interest rate on home mortgages (from a high of 10.44 percent on conventional mortgage loans in 1970 to 9.21 percent in 1972\*), and recent Federal capital gains taxation which exempts the sale of the family home may also have stimulated demand. (Ref. 8) Observers of the housing market also suspect that rising real estate prices have stimulated some "panic buying" on the part of consumers who fear that continued price increases will soon put homeownership completely out of reach. (Ref. 9)

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\*Current indications are this trend is now being reversed.

### 3. PROCESSES AFFECTING SUPPLY AND COST

Examination of the forces that determine how land is supplied to the residential market introduce several important additional factors that contribute to rising land costs. These relate to the way residential land in Ontario is serviced, marketed and regulated.

#### Land Servicing

Problems associated with the servicing of land for residential development can be classified under four headings:

- Inadequate servicing
- Payment for services and facilities
- High servicing standards
- Special servicing difficulties

Inadequate servicing. Spokesmen for the development industry argue that rapidly increasing land prices do not indicate an inadequate supply of land suitable for residential development nor an unwillingness on their part to develop land which is available. Instead, rising land costs result from an inadequate supply of served land, that is, land for which residential or municipal services have reached the state of readiness considered necessary before development can proceed.

Both primary and secondary services are needed before land can be developed. The responsibility for these services varies. Many primary services -- water and sewage treatment plants, trunk lines, major highways and transit facilities, and power lines -- are provided directly by the Provincial Government in some areas and receive Provincial financial assistance in others. These are also frequently provided by the municipalities; this applies generally to major roads and, in a number of municipalities, to sewage and water works. There is also Federal financial assistance for some primary services. Secondary services (sub-trunks and distributor/collector services, local streets and transit, and community facilities) are almost always a municipal responsibility, but provision is often passed on to private developers.

There is no comprehensive information available about primary service capacities in the province. The limited and selective investigations available show a very mixed picture. Some communities have a reasonable amount of uncommitted sewage treatment capacity but not necessarily the required trunk lines in place, or sufficient water supply to serve the equivalent number of housing units. Other communities are very short of surplus sewage treatment capacity, even though they may have sufficient water supply available to serve new housing developments.

In the case of sewage treatment only, Table 4 illustrates the varied picture of "uncommitted" sewage treatment capacity in selected communities. While Cambridge has spare capacity for some 13,000 single family lots, Windsor and Waterloo have at this time no extra capacity beyond the approved subdivision developments. The committed but as yet unused capacities, where they exist, might in some cases serve sufficient lots to cover the period in which sewage treatment expansions or new treatment plants are constructed.

One investigation of existing water and sewage treatment capacity in the Toronto-Hamilton-Oshawa region concluded that, in general, total treatment capacity in the region appears to exceed immediate demand. (Ref. 10) Yet this general conclusion may serve to distort the real picture. The available capacity is not necessarily related to future development patterns envisaged in current Provincial plans for the region (particularly to the east and north of Metropolitan Toronto). The standard of treatment is considered by Provincial authorities to

be below acceptable levels in some cases (for example, current air management regulations which will require costly improvements to Metro Toronto's treatment facilities to accommodate additional development). And trunk facilities are inadequate or totally absent in many areas for which surplus treatment capacity may be available.

Payment for services and facilities. The major delays in servicing land for residential development seem to occur at the secondary rather than the primary level of servicing.\* The dependence of municipal governments on the property tax is the most frequent reason given for their inability or unwillingness to provide services at a fast enough rate to keep ahead of demand. In some cases, a simple shortage of funds explains the failure to provide services. In other cases, municipalities adopt a policy of controlling new services to restrict population growth, either to avoid undesirable growth or to secure a better balance between industrial and residential assessment.

The financial burden to the communities is not restricted to sewers and water but is particularly acute in the provision of schools. The burden of supporting new residential developments in municipalities was partially alleviated in 1968 when the Provincial Government amalgamated local school boards and increased its financial contribution to municipalities. Recent financial constraints imposed by the Province on school boards appear once again to be inhibiting municipalities from approving new development. (Ref. 11)

Many municipalities avoid the costs of servicing new housing developments by transferring the responsibility for secondary services (sub-trunks, collector/distributors, local streets, and some community facilities) to the

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\*This is not always the case though. There has been a very long delay in providing primary services immediately north and east of Metropolitan Toronto because the municipalities in question have been unwilling to agree to the financial commitments which the scheme will entail, based on the permitted populations proposed by the Provincial Government's regional planners.

developer. Where this is not done directly, developers frequently are required to make financial contributions to the cost of such services (municipal financial imposts vary widely, ranging up to \$2,000 per lot in the case of Whitby, for example).

In either case, these costs are almost always added directly on to the houses. Consumers of new housing thus assume the full burden of what are normally considered general municipal costs, rather than spreading these costs to the total community.

Earlier practices of financing many such costs over time through local improvement levies (for street improvements, sidewalks and storm drainage, for example) are now relatively rare. Most municipalities have established firm policies that the ultimate required level of services and facilities is to be provided from the outset.

High standards of service. An additional element contributing both to high costs and delays in servicing are the high service standards set both by municipalities and by the Province. Rising standards in municipal services are not necessarily a response to absolute service needs, but frequently go beyond reasonable health and safety requirements. (Ref. 12) Yet they presumably reflect the rising incomes and rising expectations of municipal residents. Municipalities set varying servicing standards with varying cost effects.

For that reason, it is thought to be politically unacceptable to lower the standard of services, as residents will eventually call for improvements and the burden will be passed to the municipality. (Ref. 13) High standards also derive from "the desire on the part of politicians and municipal staff to avoid complaints...and make future municipal administration easier". (Ref. 14)

Engineering standards also vary as between municipalities having similar physical characteristics, for no readily discernible reason but with serious cost consequences. This situation is illustrated in a recent Ontario Economic Council report:

Thus North York Engineering uses a higher rainfall intensity curve for storm drainage calculations than Etobicoke does. As a result, storm sewers built east of the Humber River must be larger and therefore more costly than those on the west side. Any difference in the way the rain actually falls has yet to be observed. (Ref. 15)

Provincial servicing standards are also often unnecessarily stringent and seriously affect the supply and cost of housing land. In the Central York scheme, for example, many existing sewage treatment works could have been enlarged and new plants installed on a temporary basis. This would have helped accommodate continuing development pending the final decision to proceed with the scheme and the lengthy period required to build it. (Ref. 16) This, in fact, was the precise situation that confronted Metropolitan Toronto some 20 years ago. As the OEC Report points out concerning Central York:

In this, the Province might be guided by the Metro experience of the Fifties. When septic tank subdivisions were curtailed after 1954, Metro wisely did not freeze all development until the new trunk sewers could be brought up from the lakeshore treatment works. Numerous upstream plants were enlarged, or new facilities built (e.g., Weston, Baker Downs, Glendale, Don Mills, Bayview Village etc.) and, as a result, a quarter of a million people found housing on lots at reasonable prices. The rivers are really no worse today for that experience, and technology can produce much more efficient sewage works now. (Ref. 17)

Difficult land conditions. Several municipalities have experienced unusually large increases in the costs of servicing because of special difficulties presented by the nature of the local terrain. Among these are Thunder Bay and Sudbury and a number of smaller municipalities in the North with difficult drainage conditions.

#### Development Regulations and Regulatory Process

It is generally claimed that various regulations applied to development activity by both the Provincial and municipal governments have contributed substantially to rising land costs. The application of public controls complicates the process of land acquisition and land servicing, and often creates long delays before final approval for development is given.

An examination prepared for the Task Force (Ref. 18) on the regulatory process found that the general purpose of the relevant legislation is to secure the health, safety, convenience or welfare of the inhabitants of a municipality. There are no laws and regulations directed specifically

toward promoting the production of housing. As a result, the general effect of the laws and regulations concerning housing production is to obtain good quality housing, but at high cost and at a delayed rate of production.

The currently perceived interests of the public, the municipalities and the Province are primarily the quality of housing and the environment, not the quantity or cost of housing. The quality and environmental requirements concern:

- Minimum standards for size of lots and houses, prohibition of houses in unsatisfactory environmental conditions, such as floodplains and areas with potential air or noise pollution.
- Organization of residential areas for convenience of occupants, such as proximity to schools, recreational facilities, shopping and transportation;
- Minimizing the impact of housing and servicing on people's living conditions, the environment and the current financial situation.

Local building codes, engineering standards and zoning by-laws often express the desire of municipal councils and ratepayers to ensure that prevailing high community standards are maintained, or that new development will not adversely affect the local tax base. Thus, government controls affecting residential development cannot be considered separately from the goals which these controls are intended to serve. The goal of municipal financial stability is an obvious one. Other less tangible goals may relate to issues of environmental or neighborhood quality. Housing production per se, or the satisfaction of housing demand, is rarely a municipal goal.

Changes in municipal regulations that will facilitate housing production and reduce costs are possible. This has been demonstrated in Kitchener's program of lower-standard subdivisions (smaller lots, 50-foot road allowances, reduced sidewalks), and in Chinguacousy's use of the "zero lot line" concept which has permitted more economical use of land for single-detached homes. By permitting houses to be sited without reference to uniform lot line setbacks, a significant increase in density has occurred without impairing livability and with substantial cost savings in land. In the same development the use of modified storm drainage designs has led to an estimated

saving of \$1,000 to \$2,000 per house. (Ref. 19)

At the Provincial level, the establishment and application of development regulations is equally divorced from concern with either the production or cost of housing.

One main consequence of the application of Provincial controls is prolonged delay in the processing of development applications which are viewed by a multiplicity of different departments from an equal multiplicity of departmental considerations, sometimes requiring almost endless consultation and negotiation.

Another consequence is the application of standards based on concerns that may range beyond the health, safety, convenience and welfare of the inhabitants. As at the municipal level, for example, administrative or political convenience may effectively serve as a guideline for specific departmental actions. As one study has noted:

The extent of the problem can be understood if it is realized that no provincial department can be overruled by the decision-maker, that at least one department is likely to recommend rejection or modification to each significant development application, and that a question may be raised in the Legislature each time that a department's recommendation is not followed. (Ref. 20)

There is, in effect, no coordinated set of provincial development policies governing residential requirements. The laws and regulations on land development are based on uncoordinated policies that reflect specific departmental interests. Consequently, there is no clearly stated process for evaluating the effects of various policies, for resolving conflicts, or for reaching decisions on proposed developments.

Similarly, there is no clearly stated set of responsibilities concerning housing production between provincial and municipal authorities, nor between provincial departments, except for the exercise of other responsibilities that are not directed to housing production. The lack of adequately trained and experienced provincial and municipal staff is adding to processing time and cost.

### Land Assembly

Many of the influences on land prices already discussed -- rising demand, slow rate of servicing, uncertainties about government policies, high standards, processing delays -- have effected changes in the way land is acquired for private development. In many areas there has been a trend toward domination of the residential development industry by large development companies. Many large apartment and house builders have turned to land development to protect their supply of serviced building land. (Ref. 21)

This trend has been accompanied by efforts on the part of these developers to increase the size of their land holdings. The price of the land accumulated in these large parcels increases not so much from the high purchase prices as from the costs of holding land while assembly is going on and while plans are prepared and processed:

The large developer wants to see a steady rate of production each year with no wide fluctuations in construction and completions (particularly if it is a public company). He, therefore, concentrates on buying large tracts of land (frequently working through a broker to keep anonymity) so he will have a constant flow of reasonably priced land to be brought into production. He tries to avoid picking up small packets at retail prices. The period of time land is held before being developed is a key factor, for it has been estimated that the price equals the market price, discounted over the estimated time of development. Land is usually purchased with a small cash investment; thus the carrying charges make up a very large part of its end price. (Ref. 22)

Costs of acquiring and holding land for development may be influenced by several factors: general monetary conditions, the local real estate market, the local supply/demand situation, and uncertainties about permitted uses of the land. Depending on these factors these costs may vary from five percent to 50 percent of the total cost of a development project. (Ref. 23)

### Land Speculation, Land Hoarding and Land Manipulation

It is frequently charged that large development companies and private individuals are taking advantage of and contributing to the present inflated market in land and

housing by either: 1) Bidding up land prices by speculative buying; 2) Deliberately keeping land off the market in anticipation of further price increases; or 3) Taking advantage of large land holdings or of a near-monopoly of residential land to inflate prices.

To what extent any of these factors operate to inflate the price of land is hard to document. Both municipal officials and representatives of the development industry agree that some of these practices occur. This does not appear to be true in the rapidly growing major urban centres such as Toronto, Ottawa and Hamilton, where demand is so strong that the main complaint of developers is precisely the opposite: that they are unable to get land holdings serviced or approved for development. But in some of the smaller urban areas some municipal officials believe that a few land owners are slow in marketing or developing serviced land. (Ref. 24)

That in a few instances land is being withheld to produce a speculative profit is stated by knowledgeable land developers, as are situations in which large profits have been made from land trading. (Ref. 25) But while the development industry concedes that some land speculation does occur, it claims that this results directly from government planning controls and regulations which severely constrain development, thereby creating a shortage situation. (Ref. 26) To establish the facts about land speculation or land hoarding would require a thorough investigation.

The industry denies that developers are holding land off the market, citing the much higher profits of house building over apartment building as evidence that developers are prepared to go ahead with developments for which they can get public approval.

... it is difficult to imagine a reason for which developers would hold land off the profitable single-family market and at the same time contrive to provide it in sufficient quantities for apartments. (Ref. 27)

In the Metropolitan Toronto area, where there are very large holdings by major developers mainly to the west and north of Metro, developers do not appear to be manipulating these holdings to force up prices:

The developers, controlling the large assemblies near Metro, are rationally doing all they can to bring their land on the market now. It is the municipal activity that is constraining the supply and it is the

consumer that has adopted the speculative attitude of accepting any price. The developers in these circumstances can and are prepared to make profits that appear out of line with the costs. They do not control the land market, but they are in an excellent position in the marginal market. It is significant to note that there are large land assemblies in thousands of acres around some of the smaller centres as well. Given a slower rate of growth of these smaller centres, this condition can be proportionately very significant. (Ref. 28)

### Regional Planning and Regional Government

The Province's regional planning process, particularly in the Toronto-Centred Region, has served to delay both the servicing of residential land and the processing of development plans.

The time that is being taken to complete the regional planning proposals, to allocate maximum population limits among the various municipalities, and to finalize such details as the boundaries of the Parkway Belt has, according to developers and many public officials, effectively frozen much of the normal development activity in this area for an extended period.\*

The preparation of many development plans and the review of both large and small development proposals have been severely delayed. (Ref. 29) As already noted, the government's inability to resolve population allocations in the area north of Metropolitan Toronto has forestalled the servicing of major land areas required for the housing needs of the metropolitan area.

The introduction of regional government has also affected the provision of housing land and the production of

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\*The Parkway Belt concept was first announced in May, 1970, and the proposed boundaries for its western section were finally incorporated in legislation in June, 1973. Even now, it is still necessary to undergo a process of statutory hearings before the boundaries are finally fixed. It is not unlikely that some proposals will have effectively been held up for a period of at least four years before their owners are finally in a position to proceed with housing development.

housing. For example, in the Ottawa-Carleton area there has been a marked slowdown in plan registration and approvals pending the completion of the regional official plan. (Ref. 30) The prospect of having to wait for a regional official plan to be prepared in the new regional municipalities being established both west and east of Metropolitan Toronto can significantly slow down the processing of plans already underway in some of the local municipalities involved.

The determination of regional government boundaries has also seriously influenced the provision of land for housing. At the northern boundary of Metropolitan Toronto, for example, the lands to the north, in Vaughan, have lain idle for many years while, directly to the south, the land has long since been fully developed with houses and apartments.

There is little doubt that if the Metro boundary had been extended north six or seven years ago, as recommended by the Goldenberg Commission, considerably more housing would now be available to satisfy the regional housing needs.

It is felt by some local officials that the fixing of Oshawa's eastern boundary in the current regional government reorganization will have the same effect of inhibiting the development of lands which are serviceable through Oshawa, and will severely slow down the rate of housing production in that area.

#### Resistance to Growth and to High Density Development

The rapid pace of development in the Toronto region and in some other parts of the province has caused some residents and municipal governments to take a position against further development and growth. In Toronto and several suburbs this attitude has taken the form of opposition to high density apartment development and a demand for the preservation of existing low density neighbourhoods of single-family homes.

These attitudes were reinforced at the political level in 1972 when local residents gave strong support to aldermanic candidates expressing these views. An example of municipal resistance to growth pressures is provided by the Town of Oakville, where investigators uncovered "a strong and widespread feeling that it is not Oakville's

role to solve population growth/housing problems generated by expansion in Toronto's population and employment". (Ref. 31)

Opposition to new development or growth emanates from the present residents of the communities. Their protagonists are generally the owners or developers of the lands in question. The Urban Development Institute has pointed out that one group with a vital interest in new development -- the prospective residents -- are not represented in development decisions at the municipal level. (Ref. 32) Both municipal politicians and the appointed officials have come increasingly to see their primary responsibility as representing the interests of the existing residents of their communities.

The strong and almost complete resistance to further apartment developments in the central cities as well as in the suburban areas has caused an almost total stop of new apartment construction in many localities, thereby further increasing developers' search for low-density land.

The effects of the restrictions on apartment development may not become noticeable for a while because of the completion and marketing of apartment buildings in the pipe line at the present time. But in some areas at least a shortage of rental housing appears to be forming. The movements favouring slow growth and low-density development together powerfully influence the restriction of the supply of housing land.

#### 4. MUNICIPAL FINANCES AND HOUSING

Financing of municipal services in Ontario draws on two sources of funds: revenues raised by municipalities themselves from various sources, and grants from higher levels of government. Of these two sources of revenue, money derived from municipal sources constitutes the largest (although a declining) proportion of money spent on all municipal services.

In 1970, Ontario municipalities obtained 56 percent of gross revenue from their own sources and 44 percent from grants, primarily from the provincial government. (Ref. 33) Of revenue received from higher level governments, the bulk comes from the Province, largely in the form of conditional grants earmarked for specific purposes. Conditional grants total 93 percent of all transfers to municipalities from higher levels of government. (Ref. 34)

The real property tax is the most important source of municipal revenue from own sources. In 1970, the property tax comprised 86 percent of all sources of local revenue in Ontario. Thus, in spite of the fact that the responsibilities and scope of municipal government have changed and broadened considerably since the beginning of the century, municipal governments continue to rely on a form of taxation adopted at a time when municipal responsibilities were largely confined to the relatively simple service needs of small communities. Even with recent changes in the level of Provincial grants to municipalities, dependence on this tax will continue to predominate.

Municipal reliance on the property tax for a major share of revenues has important implications for the production and supply of housing on at least three fronts:

#### THE PROPERTY TAX AND MUNICIPAL DEVELOPMENT DECISIONS

New residential development entails a need for new community services. Municipalities are therefore reluctant to approve new development unless it promises to yield a return to the property tax assessment in excess of the estimated cost of services required by incoming residents. Thus municipalities will favor industrial or commercial over residential development; high-cost over low-cost housing; and housing for single persons or childless couples (e.g. bachelor and one-bedroom apartments) over family housing.

While there is no argument that municipal preoccupation with property assessment influences the receptivity to new development, there is some disagreement as to how justified the apprehensions are, or how large a part they play in decision-making. A lack of systematic investigations of the relation between costs of public services and alternative types of development has prompted a call for more research in this area. (Ref. 35)

One investigation carried out in North York showed significant disparities between municipal tax revenues and operating costs for various classes of residential dwellings, with the higher assessed properties (R1 and R2 zones) generally yielding a net surplus in tax revenues and the lower assessed properties a loss. (Ref. 36)

Of municipal services dependent in whole or in part on property taxation, education consumes the largest share, comprising 42 percent of funds in 1961 and over 50 percent in 1970. Thus, anticipation of increased education costs is thought to be a major deterrent to municipal approval of family housing.

The Municipal Finance Branch has questioned whether the burden on education facilities imposed by new development is as severe as some municipal councils maintain. (Ref. 37) It points out that the amalgamation of school boards on a regional basis has shifted local education from the

municipality to the region. For that reason:

...a municipality that shares education requirements from taxation does not reduce or limit its taxpayer education taxes by limiting residential development unless the other municipalities supporting the same school board limit residential development in the same way. (Ref. 38)

In addition, the Provincial education grant system is designed to offset deficiencies in the education levies of communities which have a high ratio of residential to commercial assessment. The government's policy of reducing the proportion of education costs met through property taxes has already resulted in a decline in the education levy in relation to both general local and metro levies in the six Metropolitan Toronto municipalities.

Provincial policies designed to distribute education costs over regional jurisdictions and to compensate for revenue inequalities among communities may help to overcome municipal reservations about new development. On the other hand, Provincial methods of administering grants for education may foster municipal reluctance to approve development which necessitates significant expansion of school facilities.

The Province is attempting to curb education costs by imposing severe budgetary restrictions on local school boards. This frequently requires Boards to use empty classroom space that may be available at considerable distances from the site of proposed new housing, instead of providing new or enlarged schools within the neighbourhood.

This may result in formal busing operations or simply in children travelling considerable distances on their own. In either case, there is little doubt that this policy is influencing municipal willingness to countenance new development.

Of the local services outside of education likely to be of most immediate concern to a municipality faced with a development proposal (police and fire protection, public works, sanitation and waste removal, recreation and community services), only public works are substantially assisted by provincial grants. In Metro Toronto in 1971, for example, grants accounted for 68 percent of the expenditures on public works, but less than one percent

for these other purposes. (Ref. 39)

Thus, under the present municipal financial system, a municipality is expected to assume the major share of financing services required by a new development before it begins to collect new revenues based on the development's final assessment value.

#### THE PROPERTY TAX AND THE DEVELOPMENT PROCESS

To diminish or avoid the costs of providing services to new residential developments, many municipalities make developers responsible for servicing their own property. This practice has become fairly widespread although it is not followed uniformly throughout the province. (Ref. 40) Developers in turn add these servicing costs to the price or rental of homes and apartments, thus increasing the cost of housing to individual consumers.

#### THE PROPERTY TAX AND LOW-INCOME RESIDENTS

The property tax is a regressive tax. It imposes a relatively heavier tax burden on housing consumers of low income than on those of higher income.

It has been estimated that in Metropolitan Toronto in 1961 lowest-income residents spent between three and four times the percentage of their income on housing as did the highest income group. (Ref. 41) Of the amount spent on housing, 15 to 20 percent consisted of tax on the housing structure. For the highest income group, this amounted to 1.8 percent to 2.4 percent of their income; for the lowest, six to eight percent. On the basis of these figures it has been suggested that:

Abolition of the sales tax on housing (camouflaged as "real property" tax) would do more to provide low-income persons with adequate housing than all the many busy "housing programs" of the three levels of government. (Ref. 42A)

One proposal intended to alleviate the regressive impact of the property tax on low income residents is the application of a uniform tax rate over an extended jurisdiction (for example, the province) so that residents in wealthy communities pay higher taxes (based on the uniform rate) than the residents in lower income communities. Such a

system would have to be accompanied by a system of Provincial subsidies or equalization payments to ensure that all municipalities can maintain approximately the same level of services.

Another method of overcoming the disproportionately high burden imposed by the property tax on low income families is the tax credit. The property tax credit introduced in 1972 by the Ontario government was found to appreciably reduce taxes as a percentage of gross income in the lower-income categories.

### Alternative Courses of Government Action

Changes in present methods of municipal financing in the interest of an increased supply of housing may be introduced either at the municipal or the provincial levels of government.

At the municipal level, there are three possible solutions to the dilemma: to reduce services, to raise taxes, or to secure additional funds by borrowing. At present, high service standards, in conjunction with municipal zoning regulations, have been "highly effective in raising lot prices out of reach of moderate-income families". (Ref. 42B)

To the extent that high service standards reflect the demands made on local governments by their residents, it is probably politically difficult for many municipalities to substantially reduce those standards for the short term, or to maintain them at a reduced level for the long term. Reduction of service standards would probably require Provincial intervention.

Increasing the property tax is also a politically unpopular move for municipal governments, and is avoided when possible. Property tax increases would probably be more necessary in the larger and more rapidly growing centres where housing costs are already higher than in other municipalities. For example, in the Toronto metropolitan area, where the cost of NHA financed homes is presently about 35 percent higher than the average for selected metropolitan areas in Canada, property taxes are about seven percent higher.

It has been suggested that some residents in other cities can and do pay higher taxes than Toronto area residents,

but that governments in the Toronto area are reluctant to raise taxes because to do so is to increase the already high fixed costs of owning a home in the area. Therefore, "government can significantly increase local revenue from property taxes only if it reduces the price of housing". (Ref. 43)

Financing new services by additional borrowing only adds to the municipality's fundamental financial dilemma, inasmuch as all local debt payments are charged to local revenue sources. (Ref. 44)

To accept the argument that property taxes (or other purely local revenue sources) should be increased to meet the service needs of growing urban centres is to assign to residents of individual municipalities a large share of responsibility for alleviating the pressures generated by economic development trends and by the regional, provincial and national migration patterns which result from them.

While it is true that economic expansion is occurring much more rapidly in some areas of the province than in others, its effect is to confer benefits on the province as a whole. For example, the large urban growth centres provide a major share of provincial tax revenues, markets for the province's agricultural producers, and employment opportunities for individuals migrating from slow growth areas.

So it can be argued that the Province should ensure that residents of municipalities that lie in the path of economic expansion do not have to bear a disproportionate share of the costs which that expansion generates.

The easiest way for the Province to alleviate municipal financial pressures associated with new development is to guarantee them the financial assistance necessary to accommodate that development.

Municipalities are unlikely to respond with enthusiasm to Provincial actions which merely increase the long-term expenses to be met from local levies (such as raising the approved level of municipal debt, or a special Provincial loan fund for municipalities).

The only Provincial policy likely to overcome municipal resistance to new development or to induce a change in the practice of transferring service costs to developers is a

system of direct grants for service purposes. Municipalities whose borrowing for capital improvements has reached the limit set by the Province should automatically be eligible for such grants.

The implementation of a Provincial grant program to support municipal services may have to incorporate a number of refinements to take account of special cases. Some municipalities may be resisting growth for other than financial reasons (to preserve their existing character, for example). In others, growth may not be desirable from the standpoint of adopted regional development programs.

A government grant program that is designed to relate to provincial housing policy would have to be based on a predetermination of agreed housing targets for different municipalities.

On such a basis, consideration might be given to the employment of a carrot-and-stick technique: providing extra grants to municipalities requiring financial assistance to support the necessary new housing development, and reducing existing grants (such as the normal per-capita grant) where municipalities do not undertake the necessary actions to support such housing.

## 5. ESTIMATED LAND REQUIREMENTS

Land in Ontario is both publicly and privately owned. The majority of Provincial land is in public hands, with title vested in the Crown, but Crown Lands are largely located in Northern Ontario.

Through the Ontario Housing Corporation the Province also has land holdings (a few of them substantial) in or near towns and cities. On the whole, however, land in areas of population concentration is privately owned. This land is undergoing one of three forms of development:

The first development was generally for agriculture, and this continues to be the predominant use in Southern Ontario. Recreation is another dominant use of land, on land unsuitable for farming and increasingly on land formerly farmed.

The second development or first redevelopment is the subdivision of this land for housing and other physical needs of the increasing urban population. This is the conversion from extensive to intensive use of land. This conversion is occurring at a great rate and the anticipation of future land needs for further growth of the cities leads to the assembly of agricultural land in anticipation or on speculation of such expansion.

The third development (second redevelopment) is the intensification of the use of urban land, particularly in the inner parts of the urban areas; high density developments in the form of high rise apartments and

lower rise infill and in the form of corporate offices ...and commercial projects... (Ref. 45)

The conversion of prime agricultural land to intensive urban use (as is occurring in the Niagara fruit belt, for example) has become an issue of concern. Yet the Urban Development Institute has argued against government efforts to preserve agricultural land on the grounds that the country "is plagued by perennial agricultural surpluses" while housing is in short supply. (Ref. 46)

The only conclusion to be derived from these conflicting viewpoints is that there is strong pressure on land in urban areas for several competing uses: agricultural, residential and recreational. A sound land development policy for urban areas must take into account both present and future needs in all these categories.

Estimates of future land requirements in the various municipalities must rely on population projections and must make certain assumptions about residential preferences and about likely trends in residential development. In the Toronto area especially, there is now considerable uncertainty about future trends in residential development. At issue is whether the trend favouring apartment over single-family home development is likely to continue, or whether apartment construction will decline in relation to construction of single-family homes.

Estimates of future land requirements increase as the construction of single-family homes increases and, conversely, land consumption decreases as apartment unit density increases. The land forecast prepared for the Task Force, for example, found that a change in the assumed density of apartment development in the Toronto area from 140 to 60 units per acre would require an increase in land requirements of nearly 20 percent, from 7,000 to 8,300 acres. (Ref. 47)

The land consumption forecast that has been prepared for the period up to 1991 attempts to take into account the increasing resistance to apartment development in the Toronto area and its possible effects on residential land consumption. Using provincial population projections, three land consumption forecasts have been made.

The medium forecast assumes that present construction trends will continue. An alternative assumption for 1971 to 1981 is that for Toronto, Hamilton and Ottawa,

apartment starts will decrease to 30 per cent of the total, and, as another alternative, that Toronto apartment construction will be reduced to 50 per cent of the total.

The results, which appear in Table 5, indicate that a reduction in high density accommodation implies greater land consumption. (These estimates must be regarded as very tentative since they are based on provincial population projections made for the whole province. The more recent Toronto-Centred Region plan projections appear to differ from the province-wide projections.)

Under the medium forecast, the total land needed for housing development in the 20 main urban areas of the province is about 67,000 acres for the period between 1971 and 1981 and another 74,000 acres for the following ten years. The 20 urban areas account for almost three-quarters of the provincial population today. The largest proportion of the land requirement is in the Hamilton-Toronto-Oshawa region -- about 45,000 acres in each of the two decades.

This estimate may err on the low side, not only because anti-high-density sentiments may slow down apartment construction, but also because the population will consist of a larger proportion of young families desiring single-family homes. If increased land consumption is to be avoided, the conclusion is that

solutions of low rise buildings that provide relatively high densities and succeed in avoiding excessive disruption to neighbourhoods for redevelopment while minimizing requirements for new serviced land are desirable. But the regional land requirements should be borne in mind in setting policies for densities. (Ref. 48)

It should not be assumed that these land requirements for actual housing use constitute the total serviced land needs to accommodate the projected population. In addition to the land used for housing, there will be land needed for schools, parks and other community facilities, for commercial establishments and for industry.

In a developed urban area, which always includes a certain amount of unused land, the gross housing land represents about half the total land area. At the outskirts of urban areas, the amount of developed land is more scattered so that there is usually an extensive area of serviced or

partially serviced land interspersed among developed land.

In addition to the serviced non-residential land, and to serviced land partially or temporarily by-passed by development, there is further need for serviced land, not immediately under development, to offer locational choices and alternative sites in the same locations for the market selection process.

The greater the freedom of movement for potential developers and the more ample the supply of serviced land, the greater are the opportunities for a competitive development industry and for land prices to be low. For the establishment of land-supply targets in the urban growth areas it would be necessary at a minimum to double the housing land requirements to allow for non-residential land and for choice of locations.

To what extent is land for future development available? In a sense, all of the required land is available, in that it exists and could presumably be developed under appropriate circumstances. But much of the required land is not readily available, either in terms of the particular ownership patterns or in terms of serviceability.

In the Toronto area, where the estimated land requirement over the next ten years may be on the order of 70,000 acres, the land study found that large developer holdings were to be found in several directions -- those in Mississauga, for example, totalling some 15,000 acres. "This is a large amount of land in terms of the projected demand of the next few years but not for the long-range future of, say, ten years." (Ref. 49)

The question of land availability will be dependent on several factors. These include, as already suggested, specific ownership patterns and servicing programs. A critical factor in the Oshawa-Toronto-Hamilton region will be the final determination of the future development pattern as established in the regional plans under preparation. If the growth needs of the area are to be met and adequate housing provided, it is essential that these plans allow for sufficient development land to accommodate these needs.

## 6. THE PROVINCIAL ROLE IN LAND SUPPLY

The development of Provincial policies which: 1) Make land available for residential use; and 2) Influence the price of residential land, must recognize the extent to which Provincial policies and Provincial actions already influence the residential land market, or could influence it with the full exercise of the powers vested in the Provincial Government. The Province's responsibilities and actions bearing on the use of land are, briefly:

- The Province exercises ultimate control over all local government institutions (financial, legislative etc.), including land development policies.
- The Province must directly approve all actions of the municipalities and private developers related to land use, including zoning and subdivision plans.
- Through OHC and the Ministry of Government Services, the Provincial Government is directly involved in land assembly, both for sale and lease.
- Various Provincial ministries are responsible for locating and building many of the major trunk services which are essential to the location of new developments. Decisions as to where certain services are to be located (transportation services, for example) and when they are to be installed, have a major influence on land prices in the immediate region.
- Provincial policies and financial assistance for

schools and other community services directly affect the timing, rate, and scale of residential development, and indirectly the price of land.

- Provincial financial policies, including those which determine property assessment, municipal borrowing, and the types of provincial grants available for specific municipal purposes; influence local sentiments about land development.
- The Province has the power to expropriate private land for public purposes.
- Provincial policies relating to environmental control, regional distribution of future growth, and the structure of regional government directly affect land servicing, development, and price.

In fact, the Provincial Government has the authority and the powers to shape and time land development, and is using them. The use of Government powers has not heretofore been consciously concerned either with making land available for residential use, or influencing the price of residential land. Nevertheless, Provincial actions cannot escape affecting the development market.

The Government has been concerned, has used its authority, and has been successful in such matters as water supply, sewage and solid waste disposal, storm water drainage, road construction, the detailed disposition of housing on the ground, the provision of parkland, and many other standards for housing development. Each one of these concerns and government actions has influenced land availability and land prices.

The Provincial role in land supply has been, at best, ambivalent. In fact, the Province has played only a minimal supply role. The Province has played a strong role in land use, which has had its residual effects on land supply. The present land crisis is the outcome of having let the land supply side be determined by two land demand forces -- public land use considerations and the private land development market -- without any conscious policy concerning land supply as such.

What has to be decided now is the extent and nature of the Provincial involvement in land supply. There are several specific measures by which the government can directly and

indirectly influence land supply. As in the control of land use, the importance attached to the need for government interference in the private land market will determine the measures to be adopted.

While countries in North America and most of Western Europe regard land as primarily a private commodity, and express the belief that as private property the decisions as to its use are best left to its owners, government interference with the free use of private land has consistently grown.

The major grounds for this interference rest on the general dissatisfaction with the results produced by leaving development decisions to the owners of land. This is particularly true of urban development, and the history of town planning -- which is another name for government involvement in land development -- is the history of urban growth.

The government's role in land development has become accepted in order to achieve certain public purposes that could not be obtained through the operation of the private market mechanism -- land for public uses or for facilities that do not produce income and profit. Since such ancillary uses have become essential for urban life, the government's role is regarded as designed to facilitate the operation of the private market mechanism.

The cost of urban land as such has perhaps not been considered generally a matter for public concern, because the market could be left to look after this aspect of urban growth. If for social reasons government action is required to deal with the effects of high land costs, then it is held that subsidies are in order for those who need them. As long as land costs constituted a lesser proportion of land development costs, this matter was not a public issue. When half the cost of a new house goes for the land, it becomes a matter of public debate.

Among the many measures available for the government to try to influence the cost of buildable land, there are some that interfere directly with private land ownership and which put the public in direct competition with the private land market. It is these to which the industry objects most strongly. The others, such as public servicing of land, are readily accepted by the industry. It is important, therefore, before discussing the range of government programs to facilitate the supply of land, to raise the basic issue involved in public land ownership for housing

development.

The fundamental question is whether it is properly the government's role in purchasing, selling, and developing land for housing to reduce the price of land by eliminating "development profits". That the government can do this has been established by experience. For example, the leased lot program operated by OHC provides land at below market rates. This program is managed without cost to the public purse and cannot therefore be regarded as a subsidy program.

As long as the government is in the housing land market for subsidized programs such as public housing, there is no issue. But the extension of government activity in land for moderate- and middle-income housing is opposed by the industry on the grounds that it is not the role of government to reduce land prices by eliminating development profit, which is the basis of our economic system. (Ref. 50)

In a managed economy where the government intervenes in many private markets for public purposes (as it already does in housing by setting standards which raise costs), has the time arrived for public interference with development profits to influence the cost of housing? The public accepts heavy public expenditures for the major services which make development possible. Without these expenditures for the services regarded as essential, the land has no urban development value. By the principle of public accountability the government has some responsibilities to assure that public investments are made for public benefits.

Shelter costs have a direct bearing on the economy. Public money is being spent to facilitate the provision of shelter. It is the government's responsibility and in the public interest to stabilize the cost of shelter. If that premise is accepted, then there is no bar on the use of the full range of available programs to affect the supply and cost of urban land. The only considerations are to select the most suitable measures for the particular circumstances.

There are social and economic needs that will be met only if government itself is involved in the acquisition and distribution of land. "In the extreme it is argued that land should be seen as a natural resource rather than a private commodity, and that progressively the public must come into control of the development interests in land." (Ref. 51)

## 7. GOVERNMENT ACTIVITIES IN LAND SUPPLY

There are certain programs and actions that could be used by the Province to bring serviced land on the market, to try to affect the cost of housing land and to overcome municipal and private developers' problems connected with the supply of land.

Provision of Primary Services. The amount of land with all major services in place (major roads, sewage treatment plants and main trunks, and water supply) is limited. In some urban areas available service capacity is sufficient for short-term needs but limited to only part of the area intended for urban growth.

To overcome the shortage of serviced lands, including sufficient choice of land in each urban area, the government can accelerate the construction of primary services. Beyond the initial program, service provision can keep ahead of demand so that there always is an ample choice and supply of developable land available.

A program of this kind will need to be linked to the government's regional development policy. The lands to be served and the amount of land brought into development should conform to Provincial development policy and encourage development in strategic locations.

Grants or loans to municipalities to assist them in providing primary and secondary services. This policy will

meet the frequently claimed problem that new development places unacceptable burdens on the existing tax base. To the extent that such grants do away with the municipal practice of passing on service costs to developers, they should also help to reduce the sale price and rental levels of new homes.

Smaller and rapidly growing communities also find it difficult to secure adequate staff to process development applications and the other regulatory procedures. The Province can provide grants for a limited number of years to pay for professional staff.

Because some municipalities oppose new development out of a general desire to restrict population growth and preserve the character of their communities, special service grants should be reserved only for those communities that show a commitment to accept new development.

Special Government Loans, or Special Government Lending Rates to Developers to help offset the risks entailed in assembling land. Developers see such a measure not only as a source of financial support, but also as a public declaration by government that it supports and approves of the new development implicit in land assembly, as well as redevelopment in the central cores of large urban centres where downtown redevelopment has encountered greatest opposition. (Ref. 52)

Streamlining the Land Development Approval Process is strongly advocated by the development industry, which recommends, among other things: a) Designation of a Minister with specific responsibility for housing; b) Thorough review of the subdivision approval process to eliminate unnecessary delays and to set specific time limits for each step in the process; c) Review of existing regional plans, particularly the Toronto-Centred Region plan, to determine their implications for the provision of housing. (Ref. 53)

Reform of Minimum Land Development Standards. After a thorough review of the varied land development standards now enforced in the municipalities of the province, a new set of minimum standards could be adopted consistent with public health and safety requirements. These minimum standards should then be enforced across the province,

that is, municipalities should not be permitted to turn down development proposals solely on grounds that aim to set higher standards.

Land Taxation Measures. A great variety of tax or land charges have been used elsewhere, designed to: 1) Assure that land ripe for development or redevelopment is not left vacant or underutilized; and 2) Recapture for the public all or part of the value in land created by public action. Four typical measures are:

- Site value taxation. Under such a scheme, all land in or near urban centres would be taxed as though it were developed to its full potential. The Ontario Commission on Taxation did not recommend such a measure on the grounds that it would increase the weight of taxes on farming operations, compress urban construction onto more crowded sites, and would not eliminate the land speculator. Furthermore, the Commission contended,

Site value taxation is designed to appropriate to the state increments in value of land. If it succeeds in this purpose, it is a discriminatory levy so long as other forms of capital gains are not taxed. (Ref. 54)

Possibly the subsequent adoption of capital gains taxation removes some of the objection to the site value tax.

But there is a difficulty with farm land near urban areas. Farming would become unprofitable with the higher land taxes, and farmers would be encouraged to develop their land for urban uses. To meet this difficulty, the following proposal separates farm taxation.

- Dual land taxation rolls, one for land kept in agricultural use, the other for land in or intended for intensive (urban) use.

There would be established a tax "history" for each parcel of land. (The zoning or official plan would require a definition of land use units so that the "history" over a period would

be ascribed to each unit in terms of dollars.) The land in the extensive land use rolls with the reduced rate of taxation being paid, would, in effect, be building up deferred taxes to be paid when it was transferred to the extensive land use rolls for urban development. Thus, an incentive would be created to put the land to work in intensive land use. (Ref. 55)

According to its advocates, this scheme would permit the general public to receive some benefit from market value appreciation resulting from the provision of primary and secondary services. By making it possible for higher taxes on farmlands in urban areas to be deferred until the land was sold, the scheme would also make it possible for individual farmers to remain on their land for a longer period.

- Land hoarding charge. The land hoarding charge is another approach to the problem of ensuring that developable land near urban centres is actually brought into urban use. Introduced in England very recently, the charge will be levied on landholders who fail to complete development on their land within a specified period from the grant of planning permission. The purpose of the charge is to ensure that land with planning permission for housing is developed promptly, and to penalize the speculative hoarding of such land. (Ref. 56)

As proposed, the charge will be levied at a rate of 30 percent on the full market value of the property for each full year of delay in carrying out approved development plans.

- Betterment levy. The betterment levy, in force in the United Kingdom from 1967 to 1971, was a special tax on unearned increments to land values when they were realized or deemed to be realized. Its primary intention was to secure for the public a share of price increases accruing to land as a result of government action (for example, planning decisions, or the installation of new services). In other words, the levy implied a belief that increases in the value of land differed qualitatively from increases in the value of other property, to the extent that they

resulted from actions for which the landowner could claim no credit or responsibility. But administration of the levy proved to be complicated.

The base is defined to be the development value as a result of a government decision. The probability of decisions favouring the redevelopment of particular parcels of land are, however, discounted in the market. Thus, the value of the land may have appreciated prior to the time of the government decision, meaning that some of the development value may have been incorporated in an earlier market transaction. Furthermore, the base is dependent upon future market value, a value not yet determined in the market, as well as current market value. Clearly much legitimate dispute could arise over the size of the development component. (Ref. 57)

After the Conservatives replaced the Labour Government in 1970, they abolished the levy and reverted to a capital gains tax on realized development.

Land Trading represents an attempt by government to gain some control over land dispersal without substantially interfering with the private market. In short, by embarking on a program of land trading, a government is essentially operating as one among many factors in the private land trading sector.

The British Land Commission, which functioned in Britain from 1967-1971, is an example of a government land trading operation. Legislation establishing the Commission gave it powers to

acquire land suitable in its opinion for "material development" by compulsory purchase when inter alia planning permission for such development is in force at the time of the compulsory purchase order and has not been carried out in whole or in part. (Ref. 58)

The intention of the legislation was to facilitate and speed up the process of land development. Various constraints operated to discourage the Commission from developing or retaining land itself.

In short, as a land trading corporation, the Commission was to work hand-in-glove with local authorities and private sector developers to secure comprehensive development of the right land, in the right location and at the right time. It was to correct, not to abrogate, the operation of the land market. Like the land planning system it assumed the continuation of the system of private ownership of land.

A study of the Commission has described it as a "spectacular failure", for several reasons. First, the government based the Commission on a misapprehension about the nature of the central problem:

...the legislation establishing the Commission was premised on the footing that the central problem to be dealt with to free the land market was large scale land hoarding. In fact, it quickly became apparent to the Commission that the major factor limiting the supply of land for development in the high pressure areas of Great Britain was restrictive planning by local planning authorities. Rather than working with local authorities, the Commission frequently found itself confronting them and with inadequate powers to do so successfully. (Ref. 59)

The Commission's organization, staffing and method of operation also contributed to its failure. The organization was highly centralized, and did not permit its regional offices to make acquisition decisions. Few members of the staff had had any experience with land acquisition, management and disposal techniques. Lack of knowledge about local conditions hampered staff members in their dealings with local authorities. By following a policy of complete frankness with potential vendors the Commission placed itself at a disadvantage on the competitive market, and often lost out to private developers in its efforts to acquire land. It was concluded, however, that

the Commission's failure should not be taken as proof of the alleged futility of establishing a State agency to act as a land trading corporation. On the contrary, it demonstrates the care which must be taken in identifying goals, creating structures, defining powers and making the agency operational. (Ref. 60)

Land Banking means the public assembly of large and small parcels of land, for short- or long-term use, for residential and other development purposes. It is a program which has been used to a limited extent in Ontario and for which the Government of Canada is reserving \$500 million nationally for the next five years under the NHA amendments.

The land acquired by government may be held in reserve for future use -- hence the term land banking -- or it may be used immediately. The government may develop the land wholly itself or in partnership with private developers or, again, all the land may be developed privately. The land may be sold or leased for development and the lease can be held for short or long periods.

Land banking constitutes a whole range of programs and should not be regarded as merely a single activity for one specific purpose. The land can be used for subsidized housing and for other public purposes like schools and parks. It can be held for known uses in the future or for unspecified urban development. If the land is held for general urban development, it usually is the objective to keep the price of land at a low level so that public purposes can be satisfied, which otherwise might not be served because of high land prices.

Land banking can also serve wider public policies such as large scale new community development, and regional development objectives. Finally, it can be used as a broad attempt to keep the price of urban land low.

The Ontario Government is already involved in land assembly and land development through Ontario Housing Corporation and the Ministry of Government Services. At present, the larger Ontario Housing Corporation land holdings include 3,000 acres in the Kitchener-Waterloo area, 1,600 acres in Saltfleet, near Hamilton, 1,700 acres at Malvern in Metropolitan Toronto, 1,165 acres at Oakville and 1,000 acres at Brantford.

According to Ontario Housing Corporation, this land is to be used to create balanced communities in which residential, commercial and industrial development and other community facilities will be provided. The government is also acquiring approximately 25,000 acres of land for the North Pickering Community Development Project, and has announced a major land assembly in Ottawa.

Many municipalities also wish to engage in land banking to promote municipal development interests or to provide land for public purposes, such as low-income and special housing. One specific aim of municipal land banking is the acquisition of obsolete or inappropriate industrial lands which it is felt should be put to a more suitable use.

Since the Federal funds for land acquisition are limited at present, without substantial Provincial funds they will be insufficient for the purchase of North Pickering or some of the other proposed new community developments. These large developments could end up as joint public/private ventures. The question arises whether it is essential that the total lands be publicly assembled or whether public purchase of strategically selected parcels only is required. No general answer is possible.

If the implementation of regional development policies only is the purpose, it is possible that selective public land holdings will be sufficient to achieve those objectives. But if it is intended to keep all land prices in the new communities at a low level, it may be necessary to purchase most of the designated new community lands.

The Urban Development Institute has taken a strong position against additional government land banking in the province. It argues that Ontario Housing Corporation's land assembly activities have had little effect on the land market, and have failed to assure an adequate supply of building land, at least in the Metropolitan Toronto area.

The UDI maintains that the Province would have achieved better results had it applied the funds and effort devoted to land banking to installing trunk services to increase the supply of building land. (Ref. 61)

Yet, Ontario Housing Corporation's limited land assembly activities are not an adequate basis on which to judge the effectiveness of land banking, either as a technique for influencing land prices or as a way of meeting housing needs.

Ontario Housing Corporation's land holdings show little consistency in terms of need across the Province. They range from zero percent to more than 100 percent of the medium land consumption requirements of municipalities for the decade 1971 to 1981. (See Table 6.)

In addition, Ontario Housing Corporation's land holdings were not specifically acquired to influence the market, but for other purposes -- mainly the provision of building lots for moderate income homes and, to a certain extent, for general community development. One study has concluded that

it cannot be logically claimed by private interests that these efforts have proven that public attempts at regulating the market cannot succeed. For this reason, past experience of public land assembly in Ontario for housing ... does not provide the basis of decisions of the appropriateness for future government programs in land assembly. (Ref. 62)

There is some evidence that government land assembly can have an effect on land values. For example, the release of land from a large provincial land assembly in the mid-1950's is credited with having kept land prices low in Peterborough. (Ref. 63) Combined policies of municipal land assembly and programmed servicing of building lots in Red Deer and Saskatoon are believed to be responsible for lower land and housing costs and lower costs of municipal services in those cities. (Ref. 64)

On the other hand, extensive government involvement in land assembly for development of a residential satellite community near Edmonton had little or no effect on Edmonton's land market, largely because the city was slow in providing services so that development could proceed.

Many European governments engage in land acquisition by various methods. In some countries (say, Sweden and Norway), the central government makes grants to municipalities for land acquisition. In others (France and the United Kingdom, for instance), the central government purchases land itself. Some governments purchase land on the open market, others use expropriation authority. Land acquired by governments in Western Europe may be sold to builders or it may be leased.

The trend of disposal of acquired land seems to be toward retention of land ownership and transfer by leasing. This method provides government an opportunity to control future uses with a minimum of legal complications and to retain the gain in the increase of value. On the other hand, record keeping for large numbers of leased properties is no small

responsibility and requires considerable expense. There also can be speculation and profiteering in leased land through illegal sub-leases unless control is maintained. (Ref. 65)

Existing Canadian practice leans toward sale of publicly acquired lands. In Ontario the purchaser of a home under Ontario Housing Corporation's HOME plan receives his lot on a 50-year lease, but may purchase it after the first five years for the market price established at the start of the lease.\* During these five years, to prevent speculation, Ontario Housing Corporation controls the resale price of the house.

In Alberta, the government sells lots although it requires an agreement from land purchasers on resale costs and building commitments. In Saskatoon, land is sold to builders under lease option agreements which require that they build within one year. The city retains title until the completion of construction to prevent quick resale and to discourage price increases. The money received from the sale of land is used either to finance community projects, or to acquire additional land. (Ref. 66)

Although private developers do not favour government land banking, it has been suggested that government assembly and disposition of land offers positive advantages to the private sector. It can mean they no longer have to fight for rezonings, pay highly inflated prices to land speculators, and spend large sums of money to install services. (Ref. 67)

Two fundamental decisions are required of a government that embarks on a land banking program, one relating to the objectives of the program, the other to its scope. There are several possible objectives, not all necessarily compatible.

Two purposes are stressed by the advocates of land banks: to recapture for the community the unearned increment in land values, and to reduce the cost of land to the user. The two purposes are in conflict; it is a zero-sum game.

The decisive argument for public ownership of large,

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\*This practice is now being altered to forestall wind-fall profits to the home owner.

contiguous pieces of development land is not financial, but the opportunity for comprehensively planned development. This opportunity exists also for large-scale private development, but a public agency has several substantial advantages over the private developer in assembling and holding land for development. (Ref. 68)

A decision as to the scope of government involvement in land ownership should be partly related to immediate purpose, and partly to the government's long-term land policy. If the government wishes to acquire land primarily to encourage or to influence residential development or to maintain some control over land prices by competing with private interests, it may require less extensive land holdings than if it wants to acquire and use land to facilitate the achievement of comprehensive regional planning and development goals. But there is no formula about the size and the distribution of the required public land holdings for each specific purpose.

To achieve greater control over land development and a complete control over land prices, a proposal has been put forward which goes beyond land banking by open market acquisition. (Ref. 69) Starting with urban and urbanizing land, the price of vacant and undeveloped land would be frozen at a level that reflects current market values. Land designated for development would be publicly acquired at a price slightly above the "freeze" price. Provision would be made for acquisition of land not immediately required in cases of hardship, where owners wish to sell their land ahead of development. Most other land would remain in present use until required for development.

All development would occur under lease (called Crownhold tenure) on the public land. Properties built and owned as individual homes could be resold, but under price control. Income producing property, like commercial establishments, would revert to the public after a specified period.

This proposal is based on the same principle as the discontinued British betterment levy, which holds that the increased land values resulting from community growth and development should accrue to the public.

Land Price Control. At a time of rapidly escalating land

prices, it is not surprising that proposals are put forward for the control of land prices, as they are for rent control. As a general, permanent method there is no justification for land price control under a competitive market system.

Under extreme conditions of market imbalance and of inflation, a case can be made for the imposition of such control if it forms part of a wider system of temporary price controls, or if it is linked to other measures designed to re-establish a better balance between land demand and land supply.

Land price control in a normal competitive market will restrict the supply of land. At a time of already restricted supply (as at present due to shortage of serviced land) the disadvantages of price control may be overcome if the control of new building lot prices is part of a wider program aimed: 1) at reducing demand, while 2) at the same time increasing land supply.

It may also be necessary, in such circumstances, to control the price of the house together with the control of the land to avoid the shifting of the controlled part of the land price onto the price of the building.

## 8. RECOMMENDATIONS

The Government's involvement in the supply of land for housing should avoid the easy and narrow approach of concerning itself with housing only. Housing is part of urban development and the Government has responsibilities and specific policies for a whole range of matters which relate at once to housing, and to land and its uses.

Servicing of development, land use control, municipal finances, and regional development goals, to name a few, all concern the supply and use of land. Government programs for land for housing need to fit a number of purposes, and not just housing.

The selected programs recommended to the Government form, therefore, one combined housing land strategy. They belong together because they support each other. While each individual action is supposed to achieve a specific purpose, each action by itself may fail to accomplish the desired purpose. For example, if primary services are supplied to a new area, and the plans and regulatory process for development in the area do not respond adequately to use the new service capacity the result will be: 1) The land which gets developed in the area will be in such demand that the price will be high; 2) The public investment, because it is premature, will have been ineffective and wasteful; and 3) Probably other areas ready for the services will have been neglected.

(a) The Purposes to be Served by Land Supply Programs are:

General land supply:

- To assure sufficient serviced land at reasonable prices to meet housing needs
- To make provision for more than minimum land need to avoid tight land market
- To assure availability of serviced land in support of policy for regional development in the province
- To provide for distribution of serviced land within each urban area

Acquisition for specific purposes:

- Land for public housing
- Land for non-profit and co-operative developers
- Land for leased lots
- Land for new community development
- Land for new development to implement regional development policies
- Land capable of being used to influence land market
- Land for municipal purposes

For the selection of any program mix the major assumption is that the Province will manage land supply based on:

- Comprehensive information on the housing and land market throughout the province, and
- An overall policy-oriented land supply program.

The information needs are discussed in Working Paper C. For the purposes of the discussion in the context of land supply it is assumed that the information on housing and land for housing will be secured and kept up to date for the major housing market areas of the province.

For the overall policy-oriented land supply program it is assumed that the Government will establish housing land needs by housing market areas, by housing type, by regional location needs and by intra-regional distribution, and by short-term and long-term time phases to satisfy urgent immediate needs as well as longer-term provincial policies.

(b) Government Activities Not Recommended -- From the list of possible programs and activities discussed above, the following are considered less suitable for introduction at this time:

- Land taxation measures
- Land trading
- Direct assistance to developers
- Land price control

Changes in land taxation -- site value taxation, dual land taxation, land hoarding charges, and land betterment levies -- have their individual merits. Some have been successfully used under circumstances different from Ontario's present situation, and they also have caused considerable problems in administration. In addition, changes in land taxation produce numerous side effects which have to be examined in detail before the changes are introduced. Until the consequences of tax innovations have been researched it is inadvisable to introduce them. However, the possibility of using land taxation measures as part of a broader program of tax reform should not be discounted, and should be studied in the context of a long-term program and innovative tax programs should be experimented with.

The land trading concept is useful under a system of strict land use control, and with an experienced public land owning agency. It forms part of a comprehensive public land assembly and regional land use control program. Land trading should be considered only after other public land use control programs and public land assembly activities have developed considerably.

Direct government assistance to developers for land purchase in the form of loans or special lending rates is not recommended because such assistance is regarded as inferior to other programs designed to ensure land supply to developers -- servicing of land and the improvement of the

development control procedures. If special assistance is warranted it should be directed to special cases rather than be available to the development industry generally. There are "special" developers -- non-profit and co-operative developers -- who cannot readily compete in the land market, and they need assistance. In these special cases the assistance should come in a more direct way, that is, through public land supply as discussed below.

The case for and against land price control was briefly outlined before. Such a program is appropriate under very special circumstances. It should be used only if it forms part of a concerted effort by the Government to increase the supply of serviced land at a selected number of locations. Land price control under those circumstances is justified because it will prevent windfall profits during the period of continued relative shortage of serviced land, and because the selectivity of the servicing process excludes many land owners from development opportunities. As soon as the supply of serviced land has been brought into better balance with the demand for housing land in the areas covered by the special program, the land price control program can and should be lifted.

(c) Programs Recommended -- The suitable programs to achieve adequate land supply and to provide land for special purposes are:

- Provision of primary services
  - Assistance to municipalities
  - Streamlining the land development approval process
  - Reform of minimum land development standards
  - Land banking or public land acquisition
- Provision of primary services

The Province, through the Ministry of the Environment and the Ministry of Transportation and Communications, is mainly responsible for the provision of the primary services. As discussed above, the rationale for their activities and resulting construction programs in terms of timing and location serves neither housing needs as expressed by development trends nor regional

development policies. Generally, the service supply lags in some locations considered suitable for growth, and specifically, the restricted overall supply capacity contributes to the tight market in serviced land.

A thorough review is required of the existing capacities, capacities becoming available from presently planned construction, and from future planned capacity -- all in terms of timing and areas served.

Based on this review, and related to local plans as well as to the provincial regional development policies, a staged program should be drawn up that will assure primary service capacity in all urban growth areas: 1) To serve established land needs for housing and related development three years ahead of actual expected land absorption; and 2) To serve a choice of locations within each urban growth area.

Provincial budget priority should be given to allow achievement of the goal (three year surplus capacity) in ten years time. Major highway provision has, perhaps, been less of a problem in opening up buildable land areas; as well, incremental traffic capacity is more readily provided in stages. Sewer treatment facilities, main sewer trunk lines, and main water supply are the principal constraints.

The staging of the program to reach the surplus capacity situation should be determined by giving first priority to the areas of highest land prices and second priority to the distribution of services within all major housing market areas.

Government servicing programs should be based on commitments by land developers to produce the required kinds of housing in a reasonable time span, and at reasonable prices. These programs should be carried out within the context of established regional development policies which should in turn give major attention to the question of housing needs and housing supply. The provision of services to promote longer-term regional development goals should be adapted to short-term housing requirements in critical areas.

#### - Assistance to municipalities

Many municipalities are unable to provide and pay for the

installation of secondary services in support of housing development, and the larger municipalities that provide primary services may also require some financial assistance in specific circumstances. A variety of arrangements have been instituted for the payment of the services resulting in directly passing on the service costs to new homeowners.

The program for the assistance to municipalities should be guided by the principles of : 1) Return to a general system of provision of secondary services by municipalities rather than by developers; and 2) Elimination of levies by municipalities for secondary services. Under present circumstances these principles imply financial assistance to municipalities.

The Province sets a ceiling to the permitted municipal debt. The Province also is encouraging development in certain areas. Finally, the Province establishes service requirements for environmental protection. Therefore, the municipal service assistance program should consist of grants for the provision of secondary services to those municipalities that are reaching their debt ceiling and that are earmarked for growth under the established Provincial development policies.

Among the qualifying municipalities, priorities for allocating grants would then follow the same priorities as for the provision of primary services -- first priority to the highest land cost areas, and second priority to distribution of servicing within major housing market areas. Among the secondary services involved, it is particularly important that restraints on school building programs be governed by the same kind of priorities.

In addition, Provincial grants should also be made to small municipalities, with inadequate staff for processing the regulation and control of growth. Such grants should continue until such time as the municipal tax income has reached a certain level (to be established by a province-wide formula) to pay for the adequate staff.

#### - Streamlining the land development approval process

Review of the approval procedures and proposals for improvement are best provided in a combined assessment of the provincial-municipal approval system and in the

context of the governmental structure related to housing. (Working Paper E, Government and Housing.)

The general principles to be followed include: 1) That laws and regulations, and their administration, be based on written and published policies; 2) That the determination of responsibilities for development approvals distinguish between provincial and municipal responsibilities, identifying clearly the final responsibility for approval, including the overruling of other responsible authorities; 3) That fixed deadlines be set for the various stages of development processing; and 4) That the form and nature of public participation in the development approval process be defined and administered according to clearly established guidelines.

#### - Reform of minimum land development standards

The minimum land development standards imposed by many communities violate the intent of minimum regulations. Instead of accepting subdivision designs that satisfy public health and safety criteria, many municipalities require arbitrary and more costly land development works, and these are sanctioned by the Province. The Province as well employs standards that transcend the minimum health and safety requirements.

The Province should establish true minimum development standards which satisfy reasonable health and safety requirements and which could only be altered as minimum standards if cause is shown and accepted for specific changes due to land conditions, or other unique circumstances at given locations.

Regional variations due to climate, land and soil characteristics may well be necessary. But once adopted, the Province should be responsible for preventing municipalities from imposing higher standards than are required.

Developers are, of course, free to develop at standards above the minimum if they wish in response to market demand. The current studies of the Ontario Housing Advisory Committee can be used as a basis for determining suitable minimum development standards, but the program of establishing such standards should be developed according to well defined and clearly understood criteria. It will probably be advisable to carry out tests from time to time to validate the standards then in

use. Revisions to the standards could be upward as well as downward but should be based on clear criteria in which housing cost considerations are given proper weight.

- Public land acquisition and land banking

A wide range of uses has been recommended for lands owned or to be acquired by the public. Brief explanations for each specific use follow.

Land for public housing: This is a familiar use, as now managed by OHC and by local housing authorities. To the extent that public housing will continue to be used, no fundamental changes in land purchase and management are required.

Land for non-profit and co-operative developers: The direct public involvement in making land available to these organizations constitutes a new program. The public support to the voluntary housing agencies is growing, the amendments to the NHA provide greater assistance to co-operatives and non-profit housing organizations. This financial assistance may be less effective than hoped for because one of the greatest difficulties faced by these organizations is land purchase. They compete at a disadvantage on the open market, and at the present time they do not have the opportunity to purchase land from OHC.

The Provincial housing land purchase program should, therefore, include provision for resale of public land to non-profit and co-operative housing agencies. The amount of land involved would, at first, be quite small because their activities are limited at present, but may well grow.

Land for leased lots: The HOME leased lot program has proved very popular, since it meets a large and growing demand. So far it has been limited by the restricted land purchases. The extent of the demand is not known, but as long as land can be made available at below market rates and secured on leases, further demand is assured. An expanded leased lot program is recommended to serve the moderate- and middle-income market which

cannot afford the current new or resale home prices.

The matter of the sale option of the freehold after five years at "book value" and the windfall profits such sales make possible has raised serious questions. The Government is now revising the procedures so as to ensure that such profits accrue to the public rather than to the initial purchaser or his sub-lessee.

There are valid arguments favouring both the sale of government-owned leased lots and their retention in permanent leasehold. There is a strong claim to be made for allowing HOME lot purchasers the presumptive benefits of full equity participation which is available to all Canadian home owners, and the success of the current condominium programs tends to support this. As well, the sale of the lots will serve to return capital that can be re-invested in additional land purchases.

On the other hand, it could be in the public interest to retain the lots on a leasehold basis because: 1) The price of the houses on leased lots, under proper control, would remain at a lower level than market houses; and 2) Public ownership of the land allows re-use of the land, for new housing or other purposes, at the end of the useful life of the houses, without repurchase. In any event, the retention of public ownership does not imply a public subsidy because the ground rent more than pays for the servicing of the investment.

The Task Force does not feel that an a priori position should be taken. As a general rule, it is felt that leased residential lands may ultimately revert to private ownership except in those situations, which may be numerous, where particular circumstances indicate the desirability of maintaining the land in public ownership under leasehold arrangements.

Land for new community development and land for new development to implement regional development policies: These two purposes are largely complementary. Private development is not always able to risk opening up communities at new, undeveloped locations. Public initiative in support of Provincial policies for regional growth can appropriately lead such ventures, especially since such land would normally be at lower values than immediately adjacent to urban centres. The strategic selection of sites for public purchase well ahead of development

plans is recommended.

As a general rule, there is no need for complete public ownership of the lands involved in new communities, which should be treated as joint public-private ventures. The limited government funds available should be distributed strategically, rather than concentrated in a few locations. It might well make more sense for the government to review its present intentions to publicly own the entire Pickering site, and to use some of the funds instead to secure a strategic involvement in some of the large private new community programs already underway west of Metropolitan Toronto.

Land for strategic intervention in the land market: Such holdings are intended as reserve lands in the major urban growth areas. These lands would also be available for any of the other stated purposes. The predictive capabilities for estimating future land needs are still elementary and subject to a wide margin of error (as can be verified by examining some older official plans). Even when and if governments attain the capability of making accurate short-term and long-term predictions of land requirements, the land development industry, which reflects a group of numerous individual activities and programs, will not necessarily be able to respond perfectly to these projections. The rate of urban growth fluctuates, and during periods of more rapid growth the market does not always respond readily, causing land price increases. During periods of rising land prices, the public land holdings can be released to influence the market price of land downward.

For the smaller and even medium-size communities, strategic government intervention in the land market may possibly be achieved with relatively small holdings. For the main urban housing markets carefully selected widespread government activities may be necessary. Strategic intervention in the market -- to support supply in specific shortage locations or to provide price competition in other critical locations -- is carried out essentially as a short-term program, but land acquisition for this purpose should be part of a long-term program. The use of Public land acquisition for strategic intervention in the market should be subsidiary and should be used when the private market is unable or fails to meet established Provincial housing goals.

The use of government land for this purpose should

generally be in conjunction with other government programs, particularly the direct provision of services or financial assistance for municipal services. Any government land banks acquired for the purpose of market intervention will always be available for the other uses discussed above. By providing lower-cost land for whatever purpose, the government will always be in a position to reduce the general level of land prices with beneficial effects on housing costs.

Land for municipal land banking: Several municipalities, particularly the central cities and some northern communities require land for specific purposes related to their own development programs. Toronto, for example, intends to engage in a program of progressively converting obsolete industrial lands for housing and community development purposes. Government assistance for municipal land programs is legitimate and desirable. As a matter of principle municipalities should make their own decisions about their land requirements.

One specific aspect of this question is the operation of the current expropriation procedures and their impact on municipal land programs in a number of places. This specific question can only be resolved in the context of a wider review of expropriation procedures but could, in any event, be facilitated by the incorporation of municipal land needs in the Provincial land program. It is advisable that the acquisition of such lands be tied into a comprehensive Provincial urban land program and that their disposition be made according to mutually acceptable criteria.

#### (d) Management and Financing of Public Lands

The recommended program serving several housing purposes throughout the Province must be directly linked to: 1) The Provincial and municipal land servicing program; and 2) The regional development plans. Direct policy direction by the Government is required, while the management should fall to an agency or agencies independent of government departments.

Viewed as a total land management operation it can and should be operated over the long run as a self sustaining fund without continued cost to the public. In fact, the parts of the program intended to be subsidized, such as land for public housing, could be paid for out of the total operation without cost to the taxpayers.

The funding would come from two sources: 1) The NHA makes provision for land purchase, of which Ontario can expect to receive about \$50 million to \$60 million per year for the next five years; and 2) To mount and sustain the program with additional money, the Province should establish a land purchase fund under a new agency -- the Ontario Housing Finance Corporation (OHFC) -- which would raise capital through the sale of bonds secured initially by the full faith and credit of the Province and subsequently by the equity in the landownership.

The nucleus for such an agency is already available in the Housing Corporation Limited (HCL) which has been established to fund OHC's mortgage assistance programs. It is advisable to extend this into a broader-based finance agency responsible for all provincial housing programs, including all of the programs supported by loans and grants from the Federal Government.

Ultimately, if and when block funding becomes a reality, the corporation would be the Provincial receiving agency for the housing and urban development funds made available to the Province by the Federal Government.

The possibility of such an agency also serving as a public depository for assembling mortgage investment funds will require careful examination, if and when it is determined that shortages of such funds require this degree of Provincial intervention in the mortgage market.

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APPENDIX

TABLE 1. INCREASE IN COST COMPONENTS OF NEW HOMES  
(1961-1971)

TABLE 2. REASONS FOR CHANGE IN MONTHLY OWNERSHIP COSTS  
(1961-1971)

TABLE 3. CHANGES IN POPULATION AND LAND PRICES IN  
SELECTED ONTARIO COMMUNITIES

TABLE 4. UNCOMMITTED SEWAGE TREATMENT SURPLUS CAPACITY:  
SELECTED COMMUNITIES

TABLE 5. SUMMARY OF POPULATION GROWTH AND LAND CONSUMPTION  
(1971-1991)

TABLE 6. OHC LAND HOLDINGS

APPENDIX

TABLE 1. INCREASE IN COST COMPONENTS OF NEW HOMES  
(1961-1971)

	% CHANGE		
	LAND	LABOUR	MATERIALS
TORONTO	139	100	45
OTTAWA/HULL	110	106	45
HAMILTON	177	60	45
WINDSOR	227	158	45
LONDON	144	77	45
KITCHENER	278	67	45
SUDBURY	341	95	45
THUNDER BAY	160	86	45
ST. CATHARINES	202	87	45
SAULT STE. MARIE	61	54	45
KINGSTON	268	67	45
PETERBOROUGH	278	71	45

Source: Peter Barnard Associates (Exhibit 10)

TABLE 2. REASONS FOR CHANGE IN MONTHLY OWNERSHIP COSTS  
(1961-1971)

	% CHANGE IN MONTHLY OCCUPANCY COST DUE TO CHANGE IN COST OF:					TOTAL \$ CHANGE 1961-1971
	LAND	MONEY	LABOUR	MATERIALS	OTHER*	
TORONTO	41%	25%	15%	12	7	\$146.38
OTTAWA	16	29	11	8	36	132.20
HAMILTON	37	23	11	14	15	138.63
WINDSOR	25	22	38	18	(3)	140.24
LONDON	23	24	16	16	21	122.36
KITCHENER	31	24	15	16	14	122.71
SUDBURY	27	22	23	18	10	134.47
THUNDER BAY	25	25	19	22	9	119.71
ST. CATHARINES	29	23	21	18	9	122.90
SAULT STE. MARIE	13	27	17	24%	19	100.59
KINGSTON	26	24	14	16%	20	125.62
PETERBOROUGH	25	23	17	18%	17	112.79

Highest cost increase in land  
\* Includes changes due to down payment amount, realty tax rate, fuel prices, insurance rates and size of house.

Source: Peter Barnard Associates (Exhibit 13)

TABLE 3. CHANGES IN POPULATION AND LAND PRICES  
IN SELECTED ONTARIO COMMUNITIES

CITY	Pop. Growth <sup>1</sup> 1966-1971	Present Pop. <sup>2</sup> Trend	Lot Prices <sup>3</sup>		
			1971	1972	1973
SARNIA	0.2%	Declining	(\$)	(\$)	(\$)
OAKVILLE	16.6	Rapid Increase	6,400	5,600	8,000 - 10,000
THUNDER BAY	12.3	Slow Increase	11,500 -	25,000	15,000 - 30,000
SUDBURY	30.3	Declining	6,400	8,000	8,000 - 10,000
KITCHENER	15.9	Rapid Increase	6,500	8,200	8,000 - 10,000
WINDSOR	19.2	Stable to Declining	7,000	7,500	8,000
			6,300	6,700	7,000 - 10,000

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TABLE 4. UNCOMMITTED SEWAGE TREATMENT SURPLUS CAPACITY: SELECTED  
COMMUNITIES\*  
(Single-Family Lots)

METRO TORONTO*	10,570
OTTAWA*	22,150
HAMILTON*	6,970
CAMBRIDGE	13,260
GUELPH	930
KITCHENER	0
LONDON	1,450
NORTH BAY	6,000
SAULT STE. MARIE	2,700
SUDBURY	1,700
THUNDER BAY	0
WATERLOO	0
WINDSOR	0

These figures reflect gross treatment capacity only, but do not indicate the requirement to up-grade the standard of treatment provided in many cases, nor the availability of adequate trunk services.

\*Includes wider housing market areas

Source: Ministry of the Environment

TABLE 5. SUMMARY OF POPULATION GROWTH AND LAND CONSUMPTION (1971-1991)

URBAN AREA <sup>1</sup>	POPULATION 1971-2	POPULATION GROWTH 1971-812	LAND CONSUMPTION 1971-19813	POPULATION GROWTH 1981-912	LAND CONSUMPTION 1981-19913
BRAMPTON	60,270	34,669	2,060 acres	43,002	2,540 acres
BRANTFORD	67,031	10,470	630	11,746	700
GUELPH	56,970	11,186	680	12,878	770
HAMILTON	504,967	118,944	6,850	118,675	6,800
KINGSTON	79,315	15,205	900	16,367	980
KITCHENER/WATERLOO	216,446	50,039	2,920	56,745	3,370
LONDON	230,704	46,302	2,730	51,519	3,000
NIAGARA FALLS	68,003	15,524	925	17,307	1,045
OSHAWA	124,147	52,735	3,080	62,481	3,640
OTTAWA	428,330	89,701	5,200	99,826	5,780
PETERBOROUGH	60,414	9,020	565	9,836	595
SARNIA	74,512	16,999	1,015	18,959	1,135
SAULT STE. MARIE	83,534	19,318	1,165	21,957	1,295
ST. CATHARINES	123,261	29,654	1,740	33,632	1,990
SUDBURY	130,477	29,015	1,730	32,314	1,910
THUNDER BAY	107,861	21,990	1,310	24,394	1,450
TIMMINS	42,700	6,565	400	5,301	331
TORONTO	2,436,127	547,335	29,400	612,232	32,900
WELLAND	66,223	15,527	925	17,211	1,015
WINDSOR	232,276	44,680	2,630	51,296	3,040
ASSUMPTION 'A'4					
TORONTO	2,436,127	547,335	39,102 (+9,702)		
HAMILTON	504,967	118,944	7,535 (+685)		
OTTAWA	428,330	89,701	5,834 (+634)		
ASSUMPTION 'B'5					
TORONTO	2,436,127	547,335	34,104 (+4,704)		

1. Census urban areas, 1966. See Appendix A for definitions.
2. Ministry of Treasury, Economics and Intergovernmental Affairs, Economic Analysis Branch.
3. Based on "medium" estimate. See Appendix A.
4. Assumption that apartment starts are decreased to 30% of total.
5. Assumption that apartment starts are decreased to 50% of total.

Source: Kates, Peat, Marwick & Co. Land Assembly and Servicing of Land

TABLE 6. OHC LAND HOLDINGS

URBAN AREA	Total Undeveloped Acres (1)	% Serviced	Total Holdings as a % of Medium Consumption (1971-1981) 2
BRAMPTON	0	0	0
BRANTFORD	1,056	0	170
GUELPH	184	0	27
HAMILTON	2,271	11	27
KINGSTON	377	10	40
KITCHENER/WATERLOO	3,270	42	42
LONDON	118	0	112
NIAGARA FALLS	48	21	4
OSHAWA	45	0	5
OTTAWA	4,300	0	1
PETERBOROUGH	215	0	85
SARNIA	108	2	38
SAULT STE. MARIE	0	100	11
ST. CATHARINES	0	0	0
SUDBURY	263	0	0
THUNDER BAY	158	18	15
TIMMINS	10	0	12
TORONTO	2,900	100	3
WELLAND	0	5	10
WINDSOR	780	0	0
		2	30

1. Ontario Housing Corporation, Land Development, March 1973
  2. Based on medium estimates - see Appendix A.
- Source: Kates, Peat, Marwick & Co. Land Assembly and Servicing of Land.



ONTARIO ADVISORY TASK FORCE ON HOUSING POLICY

Working Paper D

HOUSING ASSISTANCE

June 1973



Ontario Advisory Task Force on Housing Policy

WORKING PAPER D

HOUSING ASSISTANCE

	<u>Page</u>
1. HOUSING ASSISTANCE: NEEDS AND PROGRAMS	1
The Measure of Housing Need	1
Housing Assistance Programs	4
Alternative Approaches	7
New Directions in Assistance	10
2. PUBLIC HOUSING	13
Focus of Opposition: The Project	15
Locating Public Housing	16
Site Selection	19
Tenant Selection and Placement	21
Tenant Issues	24
3. SPECIAL HOUSING NEEDS	32
Housing for the Elderly	32
Native People	37
The Handicapped	39
The Roomers	41
Students	42
Conclusions	44



## 1. HOUSING ASSISTANCE: NEED AND PROGRAMS

### THE MEASURE OF HOUSING NEED\*

The need for housing assistance arises from many factors. The housing provided at any given time is normally adequate to satisfy effective demand in that everyone is housed somewhere, although not necessarily in a satisfactory way.

Housing need relates to the way in which people or society define their housing expectations. This need is felt when the standard of housing provided is not adequate, or when the cost is beyond a satisfactory level.

Standards can be deemed inadequate in terms of many factors such as size of dwelling, number of persons housed per room, condition of structure and adequacy of facilities. Satisfactory housing cost is usually defined in terms of the amount of money spent on housing relative to a person's or family's income.

Definitions of "satisfactory" and "adequate" vary over time. The way in which these are defined at any given time determines which people and how many people need what kind of housing assistance.

Minimum measures for both "standard" housing and the "right" amount of money spent on housing are usually treated

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\*For a detailed discussion, see Working Paper B, Housing Supply.

as fixed and uniform, in terms of housing programs. In practice, people do not behave this way. Different people, regardless of income, attach differing importance to housing, and to the amount of money they wish to spend on it.

There is a difference between ability to pay and willingness to pay, and there is also a difference between having to live and wanting to live in more modest housing circumstances.

In ordinary circumstances, people make their own judgement as to how much they want to spend on housing, and how they want to spend it. People also make their own judgement as to what kind of housing is satisfactory for them. (It is not surprising, for example, that many Indians in northern Ontario have quite a different picture of their housing needs than present government housing programs envisage.)

Ideally, government housing programs designed to meet housing needs should be directed to ensuring that there is a supply of housing of different kinds in different locations that is adequate to meet people's housing wants, and that enough money is available to them to pay for this housing. This is a suitable long-term framework for the development of government housing policy.

The condition of housing in Ontario by and large is satisfactory, in that it meets accepted standards. Some groups of persons are housed badly in a physical sense, and many people are living in accommodation that is physically adequate but overcrowded. Data is not available to secure a reasonable picture of the amount of "substandard" housing in Ontario or its distribution, and such information is badly needed. But in total, the housing problems of Ontario do not appear to relate to the physical condition of accommodation in the province, but mainly to its amount and cost.

By any definition socially and politically acceptable in Ontario today, there are several kinds of housing needs affecting between 300,000 and 400,000 households in the province, depending on the established standard or standards employed, and the reliability of the data used. The figures that follow reflect the commonly held assumption that families paying more than 25 percent of their income for rent, or 40 percent for homeownership costs, are paying too much for shelter. These figures may be taken to represent housing need, as reflected in terms of housing income ratios that existed in 1969.

ONTARIO FAMILIES PAYING IN EXCESS OF MAXIMUM FOR SHELTER, 1969\*  
(Tenants paying more than 25% and home-owners  
paying more than 40% of income for shelter).

INCOME	TOTAL FAMILIES	NO. PAYING IN EXCESS	% PAYING
Under \$3,000	233,700	119,900	51
\$3 - \$6,000	328,300	71,200	22
\$6 - \$8,000	307,800	45,500	15
Over \$8,000	1,047,400	29,800	3
<hr/>			
Total	1,917,200	266,400	14%

These figures suggest that in 1969 more than 250,000 families would have been considered needy in terms of high shelter costs. The dramatic increase in housing costs since then suggests that the figure may be substantially higher today. Nearly half of these families are in the lowest-income category, receiving less than \$3,000 a year.

For the families in the lowest-income category the situation in 1969 was as follows:

- 90 percent of all tenants paid more than 25 percent of their income for rent; 63 percent paid more than 40 percent, and 35 percent paid more than 50 percent.
- 63 percent of all home owners paid more than 40 percent of their income for rent, and 13 percent paid more than 50 percent.

There is no sign that this situation is improving. Today the lowest-income families are probably even worse off than four years ago, and doubtless also an increasing proportion of moderate-income families are seriously affected by rising housing costs. As a rough but acceptable estimate it is likely that more than 300,000 families require some kind

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\* Source: Ministry of Community and Social Services  
(From Family Expenditure Survey, Statistics  
Canada, 1969)

of financial assistance for housing, either for rental or for ownership.

The size of this need is unprecedented in Ontario. What distinguishes this period from earlier periods of housing shortage are the high standards of housing prevalent for all income groups, including the needy, compared to earlier years, and the lack of normal market "cheap" housing.

The traditional "filtering down" process, whereby older houses pass progressively through different ownerships and end up in the hands of lower-income occupants, has effectively come to an end, at least for the present. Older houses are sought out in the market almost as eagerly as newer houses. It is likely that the shortage of houses and rental units at both the lower- and middle-income levels has created much of the current pressure on public housing and ownership assistance programs in many Ontario communities.

#### HOUSING ASSISTANCE PROGRAMS

For all practical purposes, all housing -- except for the rich -- is now produced with government assistance of some kind and to some degree. "For half-a-century only a small proportion within our population have been able to meet their shelter requirements entirely with their own resources."\*

These activities have traditionally consisted mainly of mortgage programs -- either mortgage insurance or direct mortgage financing. In addition, housing development is made possible only by the provision of publicly financed major services and other financial assistance to the municipalities. Urban living has effectively forced a mixed public/private collaboration in the provision of shelter.

These activities do not, in general, require public subsidies. The intervention of the Federal Government in the mortgage market is self-sustaining, in fact produces a profit, and major trunk services are mostly paid for through user charges. The government's assistance programs for moderate-income homeownership are also largely self-sustaining.

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\*Brief submitted to the Ontario Advisory Task Force on Housing, April, 1973, by Dr. Albert Rose.

The costs of these programs might be considered to represent a form of "opportunity cost", in that it is necessary to raise and spend funds that could be put to alternative uses. But it is only in the growing programs of assistance for low-income persons that any substantial public subsidy has been required.

Direct government housing assistance has been of two kinds -- rental assistance programs for low-income families and senior citizens, and homeownership assistance programs for moderate-income families.

The total volume of housing produced by these programs is about 110,000 dwellings. This includes the Federal-Provincial and City of Toronto public housing built prior to OHC, and Metro Toronto's senior citizens housing, as well as all of the OHC units completed or currently under development. This effort can be related to the estimated need for financial assistance as of 1969:

	<u>1972</u> Units built or in development	<u>1969</u> Families needing financial assistance*
Rental	84,000	168,000
Ownership	<u>27,000</u>	<u>98,000</u>
	111,000	266,000

These figures are indicative, rather than conclusive. The estimate of families requiring financial assistance is based on a statistical analysis only, not a survey of actual need. Nevertheless it is certain that this figure has grown since 1969, and it is not unreasonable to conclude that at least twice as many families now require some kind of financial housing assistance than are already receiving it.

From these figures some basic inequities in the housing assistance program become clear. In any assistance program there is an inequity between those who receive assistance and those who do not. In both kinds of programs -- rental

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\*From 1969 Family Expenditure Survey

assistance for the poor and ownership assistance for those with moderate incomes -- there are far more who could qualify for assistance and do not get it than those who receive assistance.

In the leased lot program, this inequity was formerly marked by a scramble for sites that were marketed on a first come, first served basis. This is now being changed to a form of lottery, but the inequity will persist.

Under the rental programs, the main inequity concerns those who are eligible for assistance but do not receive it because the programs are insufficient. They are often less well housed than those who qualify, because they are living in substandard accommodation and pay more for it. This is frequently true as well for those who are not poor enough to have a reasonable chance of moving to the top of the waiting lists.

A special inequity exists between welfare families in public housing, who usually pay a lower proportion of their allowance for superior housing, and welfare families in private accommodation, who pay more for inferior housing.

Despite the achievements in assisted housing in the last few years, what has emerged quite unintentionally is the creation of a large group with expectations that cannot be fulfilled at the present program levels. As the housing situation worsens, with rising housing costs, this group will get larger and the inequities more serious.

The costs of providing housing assistance are high and are increasing rapidly. Discounting the expenditures on ownership assistance -- as these are mostly recoverable -- the annual cost to the Province of the housing subsidy for low-income housing has doubled in the last two years and is likely to double again in the next two. It has gone up from \$15½ million in 1971-72 to \$36 million in 1973-74, and is projected to rise to \$75 million by 1975-76. The increase in the total subsidy reflects both the increase in the number of families and senior citizens living in public housing and the sharp rise in the cost of building new units.

Even significant reductions in housing costs, if these were possible, would probably not be sufficient to put poor people in a position where they could obtain housing without assistance. Their situation is related not simply to rising housing costs, but also to long-term changes in the

employment situation, characterized by growing scarcities of jobs for unskilled and semi-skilled persons.

This trend appears to be rooted in deep-going changes in the country's economic structure. For all practical purposes it is probably beyond the ability of the Province to affect these structural changes in any significant way. It is likely that poorly skilled persons will have increasing difficulty in finding employment that pays wages adequate to cover the cost of all necessities, including shelter.

One conclusion is that housing assistance for poor people will have to be looked at within the context of general income maintenance policy. Another is that the cost of providing housing assistance is bound to keep going up.

#### ALTERNATIVE APPROACHES

The high cost of providing low-income housing and the inequities attached to its distribution have prompted a search for alternative programs. There is little quarrel with the program to provide assistance to moderate-income families for homeownership. The need is clearly there, the programs pay for themselves, and they serve to bolster housing supply at a critical point in the system.

The general principles that should guide the Government's housing program include these: 1) To provide equality of assistance -- equal help to those with equal needs; 2) To maximize the freedom of housing choice that is available to people; 3) To disperse assisted housing throughout the urban community rather than concentrating it in restricted locations. The latter two principles, it is clear, can only be observed within realistic limits.

In the long run, the most effective way to pursue these principles is to support the demand for housing, that is, people's financial ability to pay for housing. In principle, the objective should be to direct government housing programs toward some form of comprehensive shelter assistance, in which people are given the financial capacity to choose housing of the particular kind and in the particular location that serves their needs best.

In a situation where the supply of housing is in somewhat reasonable balance with the demand, such a system can work, and it should represent the long-term goal of Government

## housing policy.

Under the current circumstances and those likely to prevail for the next several years, the supply of housing is simply inadequate. Any widespread use of housing assistance that is solely financial would be bound to put intolerable pressure on the already high costs of the constricted supply of housing that is now available to the poor, and would do little to improve the overall housing situation. For the short-term, therefore, the objective should be to improve the supply of housing in the most effective way.

### Use of older houses

As already noted, poor people traditionally occupy old houses, and it is the unavailability of enough older housing, in adequate condition and at a suitable price, that has helped to create the present situation. The "filtering down" process is not functioning as well as it used to in most Ontario cities, for these reasons:

- Middle-income new housing has become very expensive, so that not many can afford it, and it does not get handed down.
- Much of the older housing is located in desirable inner-city locations and does not get handed down; if anything, it is renovated and becomes more expensive.
- In the larger, fast growing urban areas there is just not enough old housing for the large number of poor families, and it is a diminishing resource.

Despite these circumstances, more effective use of older houses can help to meet the need for low-income housing. In many cities there is probably a stock of larger homes that are occupied by elderly persons whose housing needs are now quite different than formerly, and if more suitable housing could be provided for them, their underused houses could be made available for use by families with children, in locations already well supplied with transportation, schools, and other social and community facilities.

This process is already occurring to a certain extent, but the beneficiaries are not low-income families but mainly middle-income families. It would be useful to develop a means whereby elderly persons who release such houses on a voluntary basis for occupancy by low-income families

recieve some kind of priority for senior citizen housing. The amount of low-income family housing which might be secured this way is not known, and is not likely to be very great relative to the need, at least in the larger cities. However it represents one potentially useful approach to the problem.

### Rent supplements

The present rent supplement program provides assistance to about 1,300 low-income families, 1,000 of them in Metropolitan Toronto. Under this program OHC leases individual dwelling units from private landlords and pays the difference between their normal rent and the tenant's geared-to-income rent. It is an effective way of dispersing public housing tenants throughout the community, and expansion of this program represents a suitable long-term aim.

There are two reasons why such a program cannot be developed to a very great extent at the present time. First, the supply of units available for this purpose is very restricted. In a tight rental housing market landlords do not require this kind of guaranteed tenancy, and most prefer to select their own tenants rather than entering into arrangements which present potential management problems.

Second, the use of rent supplements holds the danger of "creaming off" the "best" tenants in the present public housing projects, thereby worsening the stability and community balance which is already endangered by the operations of the geared-to-income rental scale. When it becomes possible to secure a better mixture of housing in the projects, through measures such as tenant purchase programs, extensive rent supplement programs can be carried out without having this effect. But in general, rent supplement programs present a very suitable long-term goal for the Government's housing program.

### Integrated Community Housing

OHC has recently launched a new type of program in which developers are given assistance in their secondary mortgage financing in return for allocating a stated proportion of the units (up to 25 percent) for occupancy by low-income families. These families in turn are given rent supplements

to their geared-to-income rents.

This could potentially be a highly significant way of replacing the conventional public housing project. It provides a way of scattering low-income housing through the community, although the degree of "scattering" within the project itself would have to be determined. While it is probably more likely to be taken up in suburban development, it could in theory at least apply equally to high- and medium-density housing in the built-up areas. As with the rent supplement program generally, it will depend on the prospective developers' need for this kind of financial assistance and their willingness to accept it.

The program is still in its very early stages and much more experience will have to be obtained before it can be determined how extensive this program can and should be. For one thing, it will provide a suitable opportunity to test the degree to which low-income families and people with higher incomes are prepared to live in "mixed" communities. Again, as with the rent supplement program generally, the intergrated community housing programs should be seen as having great long-term potential.

#### NEW DIRECTIONS IN ASSISTANCE

Administrative convenience rather than the needs of the real world have created problems in assisted housing, and prevented change and progress. People in need of assistance have been categorized through programs; needs have been artificially standardized, and solutions sought in isolation.

There are, for instance, the elderly, the working poor, and the welfare poor (and the latter two are beginning to be separated between the "respectable" welfare poor and the real, or permanent, welfare poor). Each of these groups are viewed and being managed separately -- physically, financially, socially, institutionally, and programatically. The result is the isolation of groups of people -- groups which are then difficult to fit physically into the existing housing environment.

Another result of this simplistic formulation of people's circumstances is to limit the choices open to them in terms of the kind of housing; for example, rental accommodation or homeownership; location; structure type; and income range. The range of incomes in a public housing project is

narrower than in a private apartment building or private condominium row-house development. This is inevitable under present programs. While the private housing market, with all its own faults, achieves a modicum of social integration, the public housing sector consists of groups of specific sub-markets, separated from each other and hard to integrate in the community at large.

It can be concluded that:

- 1) More people, both proportionally and numerically, rather than fewer, will require some form of housing assistance. This means a general revision of the image of housing assistance -- from a poverty program to a social service.
- 2) Present methods of providing housing assistance tend to lock-in the required supply at the lowest levels of need. This means that the provision of this specific need should not be treated in isolation from the general housing supply. Assisted housing for the poor is more readily accepted in the community when it is part of a broader program meeting a wider cross-section of need.
- 3) A major part of the solution to the current problem of housing provision lies in programs that do not, over the long run, cost public money. This means extensive public engagement and participation in the major sector of the housing market to increase and maintain an adequate supply of housing.

The direction of change lies in broadening publicly supported housing assistance. This means promoting mixture and mobility between assisted rental and ownership housing, and also widening the range of publicly sponsored housing, to:

- Increase the housing supply at various levels of demand.
- Increase the available choice to the growing sector of the population which needs some kind of housing assistance.
- Make it possible to build assisted housing developments in which there is some recognition of the existing population cross-section of the community in which the project is placed.

In the long run, assuming government housing policy develops

successfully, it may be possible to concentrate on housing programs that support housing demand. For the short-term, improvement to housing supply is mandatory.

## 2. PUBLIC HOUSING

For the short term, it will be necessary to continue to build public housing in most of Ontario's communities. Programs that essentially provide income assistance, such as shelter allowance or even scattered rent supplement units, are not likely to be effective in meeting the main thrust of housing need for the low-income families until the stock of housing available to them is considerably closer to the level of actual need.

The two earlier Federal Task Forces (Hellyer and Dennis) recommended against the continuation of public housing as a long-term program, and this argument has merit. In the short term, however, there is need for public housing, and for large quantities of public housing, in Ontario.

How long the "short term" will be cannot be predicted. It will depend on the time it takes for the housing supply situation to be brought into rough balance with need, however expressed. For now, therefore, continuation of the public housing program is necessary.

The main effort by OHC and its predecessors has been to provide low-income housing in the form of "public housing" projects for families, and "senior citizen housing" for the elderly. Senior citizen housing is generally accepted in most communities and neighbourhoods. This is not so for family housing, and local resistance has mounted to the point where, for all practical purposes, the production of this kind of assisted housing has ground to a halt in many communities of the province.

There are many causes for this opposition, which are mentioned briefly later. Ontario's experience in public housing is very shortlived, and some conclusions from other countries may be helpful:

1) As a general principle, whenever compassion for the housing conditions of the poor is translated into action, the results reveal unsuspected effects (for example, concentration of social problems), that lead to rejection of the concept of public housing by the public at large. It is this factor that has made public housing unworkable in many U.S. cities.

In some of the larger Canadian public housing complexes, there may also be a concentration of residents with severe social problems that, because they are located together, are readily identifiable and visible. These situations, if they exist, are relatively rare in public housing in Ontario. There is no evidence available to show that they result from the establishment of the projects, nor that they could be dealt with more effectively if the projects were not in existence.

2) Almost everywhere, "pure" public housing in its traditional form -- large, concentrated and isolated -- is unacceptable to the residents where it has been built, regardless of the level and mix of the incomes of the residents.

3) The main lesson from the public housing experience of western countries is that the wider the spectrum of assisted housing (range of incomes, size of families, and age of assisted persons) that is built, the more acceptable it becomes. Conversely, the narrower the composition in types of families, the greater the friction.

Where public housing is accepted, it is not public housing in the North American sense, but council housing in the English sense -- publicly-built housing that is available to a relatively broad income range and that comprises a substantial proportion of the total housing stock. When assisted housing in publicly-owned buildings ceases to be treated and viewed as welfare housing, many, but not all, of the problems that loom so large today in Ontario can disappear.

FOCUS OF OPPOSITION: THE PROJECT

The views and feelings about the faults of public housing centre around the public housing project. To be opposed, the project does not have to be very large, as long as it is visible and identifiable. Thirty row houses in a town without row houses are as conspicuous as a concentration of high-rise apartment buildings in a large city.

The arguments against "the project" tend to be used in generalizations against public housing, and they can be summarized as follows:

"Don't Build Public Housing", because:

- What has been produced is not good enough; it is deficient for economic, social, and psychological reasons.
- Public housing projects lack facilities that are very much needed by the kind of families living in them. While these needed facilities were usually not available for the same people before they were brought to the project, the absolute concentration of large numbers of children in many projects, for example, produces needs for recreational facilities and programs that the community at large is unable or unwilling to meet.
- The concept is wrong; projects produce ghettos and stigmatize their occupants.
- They are badly built and designed.
- Projects create bad behaviour; they change people and make them worse.
- People do not like to see the project; it draws attention to a social problem.
- We do not know how to manage them.
- The poor should live in old, not new, housing.

To a large extent these views come from people who do not live in public housing. Public housing tenants have many objections and complaints -- about rents, management and maintenance -- but the evidence from the tenants is that

project housing is usually much superior to what they lived in before, and represents a step up the housing ladder. They do not object to the project as such, by and large, but want it improved. It is the outsider, largely, who wants public housing projects done away with -- at least in his neighbourhood.

#### LOCATING PUBLIC HOUSING

Despite strong views that public housing is wrong, and that other means should be sought to solve the housing problems of the poor, the main controversies in most Ontario cities are not over whether public housing should be built, but where it should be built.

Objections to segregation of public housing have led to the advocacy of dispersal, or integration within the community at large. The arguments are made both by some residents of public housing and by outsiders. They appear to be somewhat artificial as it is never quite certain what scale of dispersion is contemplated or how broad a range in the mix of income groups is to be "integrated".

The older, less controlled urban growth process produced segregation, mainly through the market mechanism. Land use planning has usually formalized segregation through zoning. Even in the inner areas of Toronto, where for several years a "return" of middle-class income residents has been taking place, it is doubtful to what extent a real social or economic "mixture" exists.

Observers feel that, in fact, many of the working-class or poor residents of these inner areas are being effectively removed through the pressure of higher house values induced by up-grading ("white painting"). Where the poor of inner Toronto are going to is not really known. It is possible that their removal from existing adequate accommodation accounts for at least some of the pressure on the scarce supply of public housing in Toronto.

New development of any kind in an existing neighbourhood is almost always resented when it is different in the character of its buildings or of its occupants. Public housing even in small scale frequently creates tension. Attempts have been made to measure the amount of integration that is possible without disturbing the existing balance of the neighbourhood (always assuming that the existing situation is a stable one).

These efforts have led to the notion of the "tipping point" -- a concept as elusive as the variety of neighbourhoods. So far, the "tipping point" is no more precise a measure than particular local acceptability. In Sault Ste. Marie, for example, the unstated but institutionalized "tipping point" is no more than 12 public housing units per school district. In a Metro Toronto borough, the "tipping point" is considered to be one-third of a school's enrolment.

The case for dispersed public housing locations is made on two counts:

1) The social desirability of housing a range of income groups in all communities; and 2) The spread of responsibility for sharing the burden among municipalities. Inevitably, this leads to the use of two basically different types of locations, each of which presents advantages and disadvantages.

- In built up areas, the greatest advantage is that the poor live there already, and they prefer to live there for good economic and social reasons; the jobs are there, transportation, community services, shops catering to their needs are there.

The main disadvantages are that sites are scarce in built-up areas. Where land is available it is very costly, or marginal in its suitability for residential use. There is also resistance on the part of some cities to being the sole provider of low-income housing; low-income families are part of the metropolitan housing market and should not be housed only in the central cities.

- In the developing fringe areas, the advantages are numerous. Land is cheaper, densities of development can be suited to families; in undeveloped areas there is less or no neighbourhood opposition, and the building process is faster.

On the debit side are all the missing factors that exist in the inner areas. For years to come, the fringe lacks adequate public transportation; work for lower-income jobs is not available nearby, and few if any of the shops and community services needed by public housing tenants are accessible. Schools, in particular, are not available or are unable to cope with the kinds of educational and recreational needs

presented by an influx of a large number of children from poorer families. The absence of non-residential assessment frequently presents a serious financial burden to the municipality.

The location of public housing concerns both the tenants and the surrounding community. Residents in the outer areas object not only to different kinds of dwellings (row houses in single-family areas, apartments in low- and moderate- density areas) but to the fact of public housing tenancy as such -- its presumed effect on property values, and its social impact on the schools and community recreational facilities and on the neighbourhood generally.

In Toronto suburban areas, for example, even modest row housing projects are being rejected in neighbourhoods that are already largely row housing. Not infrequently, it is in the more modest residential areas of the cities that the resistance to public housing, on both economic and social grounds, is strongest.

For the tenant, location is a critical question. Just as locations differ, so do tenants and their needs. For many OHC tenants, suburban locations are not only satisfactory but highly desirable. They are working families, but with low incomes, generally with a car, whose life style and aspirations do not differ significantly from those of their neighbours. They are like them, only poorer.

For others, being housed at remote suburban locations can be disastrous. This applies particularly to many of the single-parent or mother-led families, with restricted welfare allowances, generally without a car, and with needs for specific social, medical and community services that are hard to come by except at considerable cost and inconvenience.

Concentrating a large number of such families in suburban projects, as is increasingly the case, creates almost insoluble problems for both the tenants and their neighbours. For these families, inner locations are generally preferable. When they are required to live in the more remote locations, recognition of their special needs and provision of suitable services and facilities is essential.

In general, it is evident that there are no facile answers to the question of public housing location. Different kinds of locations are needed to serve different kinds of

needs. If there is to be any appreciable amount of public housing, it has to be established both in the suburbs and the inner cities. Hopefully, the Provincial Government and the regional municipalities will establish and carry out growth policies that produce concentrated new community developments in outlying locations. As that occurs, a more equal distribution of low-income housing will be feasible.

In the meantime, while the fringe areas may not generally be appropriate locations for accommodating a substantial amount of public housing, it is essential that provision be made for this in the future, that suitable sites be obtained, and that local planning and development policies acknowledge that such housing will be part of the future fabric of the community.

It is also important to utilize inner city sites which are now under-used or inappropriately used, such as obsolete industrial properties that no longer fit properly into the surrounding residential communities. Here, though, care must be taken not to employ for low-income housing marginal sites that lack a suitable residential environment, or to recognize the steps which have to be taken to make such sites suitable for residential use, and to provide suitable financial assistance for this purpose.

#### SITE SELECTION

Until now, public housing sites have been selected mainly through the developer proposal method. Under this system, OHC requests proposals for a given number of units of varying sizes in a community. The developer in turn produces the site, as well as the development design.

Until recently, this did not involve much local consultation in most municipalities, except for final council approval of the proposed project. In Metropolitan Toronto there has been regular consultation with Metropolitan officials, and more recently with local political representatives. School Boards have often not been consulted prior to site approval, and have occasionally been confronted with the fact that a specific project that had been approved as private development had been turned over to OHC and would be generating more children than had previously been expected.

This system contrasts with the earlier pre-OHC system where- by the Federal-Provincial Partnership bought sites in

advance, designed projects, and secured local approval prior to building. The advantage of the developer proposal system until now has been that it allowed rapid construction and hence lower costs. There is little doubt that OHC's record of producing some 70,000 public housing units since around 1966 could not have been achieved without it.

The system has sometimes resulted in insensitive site selection and poor design. In many areas, the design of public housing projects is incompatible with their surroundings. Marginal sites are frequently employed, in part because developers tend to reserve their prime land holdings for private developments. Innovation is not very common in public housing developments.

To an extent, these conditions result from the ground rules under which public housing is produced, and these rules are largely based on cost considerations. The design of public housing could be improved through the establishment of prior development specifications or design concepts by OHC. As well, the problem of poor sites could be improved with prior acquisition by OHC of suitable sites, with builders tendering for design and construction on the basis of predetermined development specifications.

This would require OHC, rather than the developer, to be responsible for any necessary rezoning. Such a system would produce better sites and probably more suitable locations. It could also lead to higher land costs, greater delays, and higher subsidies.

The question is related to that of public participation and involvement in the site selection and planning process. It is sometimes claimed that the difficulty in securing local agreement to specific projects stems from the fact that local residents have not been allowed to participate in the matter. Two levels of public participation are involved. It is the Government's policy, and that of most municipalities, that residents in an area should be involved in the decisions concerning the use of land in their area, and the present planning procedures allow for this.

Public participation in the establishment of public housing sites goes beyond this, and involves participation in the decision as to who will be living on the land. This is very frequently the issue with public housing -- not so much the kinds of buildings, but the fact that they will be occupied by public housing tenants.

It is the Task Force's view that local residents should not be in a position to make the basic determination as to who will be living in their neighbourhoods and communities.

This does not dispute the fact that OHC's dealings with the community require more "openness". Real public acceptance of social housing requires that the residents should be made aware of the need, and should be confident that the decisions are being made openly and with full accountability. At least some of the resistance to public housing projects and the resentment they engender arises from the fact that these decisions have not, in the past, been made openly.

The present procedure for securing public housing is essentially as follows:

- The municipality expresses concern for certain housing needs (low-income families).
- OHC is called in and asked to perform.
- After it has performed, OHC is blamed for any consequences.

The procedure is politically ideal but guaranteed to lead to eventual trouble. In a program as sensitive as public housing it is difficult to see how fractured responsibility can succeed when more than a short-term production process is involved.

Public housing construction is becoming more and more difficult to achieve in many areas, and under present circumstances it may effectively come to a halt in some. It is necessary to establish mechanisms whereby the Provincial Government, in consultation with the municipalities, establishes adequate housing targets and suitable means for achieving them. This question can only be dealt with in the context of overall government structure and responsibility, and is discussed in Working Paper E (Government and Housing).

#### TENANT SELECTION AND PLACEMENT

Because the demand for housing units greatly exceeds the supply, the selection process is bound to be arbitrary and troublesome. The basic criterion for high priority is

relative need. This is established by a point system that takes into account the applicant's income, shelter costs, family size, adequacy of accommodation and related social factors.

Strict adherence to this system would skim off the bottom of the welfare population, load the projects with mother-led families and families with social problems, and run counter to OHC's responsibility to create livable and workable communities in its housing developments.

At one time it was believed that welfare tenants should not comprise more than a tenth of the people living in a project. There are no hard and fast rules today, but in some municipalities strict adherence to the priority ratings would create projects with as many as 60 percent or more mother-led families.

It is in the interests neither of the tenants themselves nor of the surrounding neighbourhoods to create such unbalanced housing developments. It is inevitable, as a result, that some families will not be placed in housing as quickly as their relative priority indicates.

There are related tenant selection issues. In Metropolitan Toronto there is no residence requirement for admission to public housing, while everywhere else applicants have to reside in the municipality for a year before becoming eligible.

It is claimed by Metro that this situation, which is of historical origin, tends to attract a great number of people to the area who, not having adequate housing and having very low incomes, automatically secure priority over long-time residents. (The availability of Metropolitan social services are believed to have a similar effect.) This creates inequities with serious political implications.

The Metropolitan Council feels the situation could be rectified by establishing a residence requirement within Metropolitan Toronto, but abolishing this requirement in the fringe communities surrounding Metro. This would be based on the assumption that it is Provincial development policies that have served to attract low-income persons to Toronto, and that the Province is therefore obliged to balance this situation by creating more public housing in the fringe and diverting the newcomers into such housing.

While this proposal might be supported on certain philosophical grounds, it is not in fact feasible to treat the regional distribution of public housing this way. It is also not sensible to maintain different residence requirements as between Metro and the other municipalities, and if it is suitable to impose a one-year residence qualification anywhere, this should apply equally to Metropolitan Toronto.

Another issue concerns the actual assignment of applicants to specific buildings or projects. If an applicant rejects a small number of "reasonable" offers (up to three, depending on the housing authority), he generally loses his priority position.

While the system may be operated in a humane way, it reflects paternalism. More than almost anything else it points out the essentially inferior and helpless position in which public housing tenants find themselves.

The basic right to refuse an offered dwelling, for whatever reason, should not be denied public housing tenants any more than it is denied anyone else, and it is wrong to penalize such tenants by retracting their priority position, all of the resultant administrative inconveniences notwithstanding.

A related issue is the tenant's ability to move to another unit or another project, after he has been placed. Practices in this area vary as between different authorities, but again the stance is essentially paternalistic, and derives more from administrative considerations than from any real concern with basic tenant rights.

There is no real need to distinguish public housing tenants so categorically from the other members of the community who are able to make unfettered choices concerning their own housing. As a general rule, tenants should not be prohibited from moving into any dwellings which may become available, and their freedom of choice in this respect should be facilitated, rather than inhibited.

A final question concerns the matter of local priority in tenant placement. By virtue of the residence requirement, priority is now given to residents of a given municipality for housing in that municipality. Some local neighbourhoods have now requested a similar kind of priority for their own residents.

The reasons for this are understandable and sound. It is obviously desirable that new housing projects should be integrated closely into the community through the admission of local residents and there are various means to bring this about -- extra points, a stated quota for local residents, and so on. Nevertheless, as long as the gap between the supply and demand for low-rental housing is great it is not possible to provide such housing except within the context of total urban or regional need.

The choice of location for a particular project is therefore made without regard to neighbourhood needs, and it would be inequitable to give the residents in the selected neighbourhood an advantage over other residents of the municipality.

### TENANT ISSUES

To the general community and the immediate neighbourhood, the issue is whether there should be public housing, and where. To the tenants, most of the serious issues revolve around the project itself. They concern, essentially, the following aspects: 1) Quality of the projects; 2) Management and maintenance of the project; 3) The rental scale; and 4) Tenant purchase of existing units.

### Project quality

Public housing projects, like all residential building projects, vary in quality. Tenant complaints generally focus on design aspects, mainly density and lack of privacy; on the quality of construction; and most of all on the lack of adequate facilities and services.

It is difficult to establish that design, construction, or quality of materials are inferior to private rental housing. Builders, for one, claim that OHC construction standards tend to be higher than for conventional CMHC financing. Some older public housing buildings fall below the current OHC standard and are being upgraded.

Nevertheless, some tenant complaints warrant serious consideration, irrespective of the specifications, particularly as they affect livability. Some examples are the provision of closet and cupboard doors, adequate acoustic insulation between units, the visual quality of fencing between private

yards and the size of two-child bedrooms.

Tenants complain about inadequate inspection during construction. It is not known to what extent more rigorous inspection would serve to reduce subsequent maintenance costs but the effect on tenant satisfaction might be considerable.

Complaints concerning project density derive mainly from the fact that many tenant families are large, an inevitable feature of the tenant selection system. Child density can be handled sensibly -- by limiting the number of multi-bedroom apartments in elevator buildings, and by providing adequate play facilities. In some of OHC's high-rise developments -- Regent Park South, for example -- the degree of child density may simply be too high to resolve satisfactorily no matter what level of recreation facilities and open space is provided.

Since recreational and social facilities became eligible for financing a few years ago, amenities such as community centres and swimming pools are being provided in many large OHC projects and in some of the older projects as well. In those cases where OHC projects have, or will have, superior facilities than in their surrounding communities some serious questions are raised.

An adequate level of social and recreational space is necessary in all multiple housing development, private as well as public. But major recreation facilities should be a community responsibility, and to the extent that they are provided by OHC instead, the cost of OHC housing increases.

It is one of the inequities of project housing that the residents, under existing financing, are entitled to and often receive better services than persons in similar circumstances (in the inner cities, for example) who are not eligible for such services because they do not live in public housing.

It is desirable that community facilities in project housing be integrated with broader community needs, that their services be available to the entire community, and that their operation be treated as a normal part of the municipality's recreation or community centre program. Community facilities should as a rule be provided by the municipality, except where special characteristics make their direct provision by OHC essential.

## Management

Management practices in public housing also vary, as they do in private rental housing. The main difference is that private housing tenants can respond to poor management practices by moving. In public housing their only recourse is to complain, and many complaints are made.

Taking all factors into consideration, OHC is, at worst, no worse a housing manager than the private landlord and in some respects is better, because of OHC's sensitivity to public opinion. Many of the complaints made about OHC projects -- concerning construction, unit design and management practices -- are made with the knowledge that OHC views its role in social housing seriously. The private landlord has no such responsibility and would be unlikely to respond favourably to many of the complaints which public housing tenants make and expect to have answered.

Arguments for improving OHC's management capability should not be based upon any claims of poor performance but upon expectation of better performance and more responsive management within existing budgetary constraints.

OHC's management training courses represent one useful measure. Another OHC technique -- experimenting with contracting out management to private firms -- is too recent for valid conclusions to be drawn.

Whatever management improvements are made, the fact is that many low-income tenants feel powerless and vulnerable under conditions of extreme housing scarcity. Structural changes in the system are desirable. The first essential is more decentralization of authority and responsibility to local hands, at both the community and project levels, to encourage more responsiveness to local conditions and needs.

Many of the management issues causing concern to tenants might be more effectively dealt with by a closer and meaningful level of tenant involvement in the management and administration of housing projects. Tenants are knowledgeable about their needs and can contribute to the smooth running and management of their houses.

One possibility is the increased use of tenant organizations as a medium of tenant opinion. Provision is available for joint Federal-Provincial funding of tenant organizations, and the feasibility of securing adequate tenant representation through such methods should be examined, on either a

project or municipal-wide basis.

Efforts should also be made to develop ways for tenants to be used in administrative jobs in site offices. Beyond this is the question of direct tenant representation on management through membership in the local housing authorities and on the OHC Board of Directors.

Whatever the form of tenant involvement, its extent also needs to be determined. What many tenants seek is a voice in almost the entire range of public housing decision making: project planning, design and site selection; development of management policies; preparation of project budgets; evaluation of programs and practices; and resolution of tenant grievances. The only area in which there appears to be general agreement that it is not suitable for tenants to participate is in matters relating to tenant selection and placement and individual rental questions.

The suitable extent and form of tenant involvement in management should vary as local circumstances dictate. The objective of promoting local responsiveness and accountability in management is a sound one, as is the principle that tenants should have a meaningful voice in the management and operation of their homes. The establishment of suitable machinery for this purpose should be promoted, probably through tenant organization.

### Rental scale

The rent-geared-to-income scale is probably the single most contentious issue affecting tenants in OHC housing.

There are many objections to the scale and its operation, centering on the fact that it discourages tenants' incentive to improve their incomes and thus tends to lock them into public housing on a permanent basis.

This is because the rents constitute an increasing proportion of income as incomes rise, reaching a maximum level of 25 percent at an income of \$421 per month, and also because additional income, such as overtime, bonuses, earnings of secondary workers in the family are included in the income base for rent calculations.

The objections are both to the actual level of rents charged and to many details: that rent is based on gross rather

than net income (thus taking an apparently disproportionate share of any increase in income); that the income exemption for secondary workers (\$75 per month) is inadequate; that overtime pay and bonuses should be disregarded, and the allowance for children increased; and that the scale operates to discourage home improvement.

The rent scale has all of the disadvantages of any means test, mainly that it requires extensive interference in the private lives of the tenants, that it is complicated and difficult for the tenants to understand and for the officials to administer, and that, to avoid its punitive aspects, some cheating takes place in reporting of income.

It also means that tenants are paying rents that bear no relationship to the living space being rented -- whether the units are large or small, the building old or new, whether recreation facilities are adequate or totally lacking.

Most of these difficulties are inherent in any financial assistance program and, even if shelter allowances were to be used rather than direct subsidy of the unit, there would undoubtedly have to be a means test of some kind.

A scale that is fair to everyone is probably impossible to achieve. There have been many adjustments in the scale in the past (reducing the maximum rental from 30 percent to 25 percent, for example) and the scale itself should be reviewed periodically, as is currently being done. Nevertheless, the basic issues remain.

First is the actual level of rents charged. If the rent scale were to be reduced in any of the ways suggested by tenants -- use of net rather than gross income, lowering of the maximum from 25 percent to 20 percent, ignoring of additional income -- total revenue would be reduced and higher subsidies required.

The Federal Government, which pays half of the subsidy, has indicated that this is not acceptable, and it is questionable whether, if additional government subsidies are available, they should be directed to improving the conditions of the existing tenants instead, or to extending assistance to the many eligible families who do not receive any assistance because there is not enough public housing.

Nevertheless the operation of the rent scale does present serious problems. It is intended to induce tenants whose

incomes rise to a point where they can secure private housing to move out, thereby releasing their units for more needy families. As a result, project stability is sometime severely affected, with the departure of long-term tenants who have developed a stake in the community.

At the same time, it also tends to lock tenants into public housing because the graduated scale does not allow them to accumulate any appreciable savings that would enable them to buy a house or move to other accommodation.

These problems can only be dealt with through a thorough review of the rent scale. But there is a strong presumption for setting a maximum rent for any dwelling -- a fair rent that provides full recovery of the costs involved in producing public housing. This could be based either on the units in a given project, or could be a city-wide figure.

Such a system could present administrative difficulties and would reduce total revenue, but not necessarily by a very wide margin, seen in the total context. A variant might be to reduce the percentage of income charged over a certain maximum, thus putting public housing tenants in the same situation as most people in private housing, for whom rent is a declining proportion of income as income goes up.

Whatever system is employed, it seems clear that some significant adjustments are advisable so as not to extinguish incentive. Such adjustments could be related to provisions that would make it possible for some tenants to purchase their units, as discussed in the next section.

A similar kind of question concerns the term of the tenant's lease, which is now one year. While provision is made for rents to be adjusted downward during this period, no increases can be set until the lease is renewed.

There is a serious question whether this provides adequate security for tenants. Many occupants of private rental accommodation have two-year leases, and a good case can be made for allowing public housing tenants the same kind of security; that is, knowing that their rents will not go up for an extended period of time.

The lease itself is a subject of tenant concern. While simpler in its terminology than the standard private lease, it is still complex and legalistic. It should be written in language that spells out clearly both the tenant's and the landlord's rights and obligations.

Three summary points can be made about the rental scale. First is that while an income-related rent scale is inevitable under the existing system, it should not operate so as to discourage tenants from improving their economic circumstances.

Second, the question of the rent scale and an equitable welfare system for shelter costs should be seen as part of the larger question of income maintenance and should be reviewed in that context.

Finally, over the long term, as the supply of assisted housing increases, serious consideration should be given to moving toward a policy of economic rent that makes possible tenant purchase of some dwellings, to promote community balance in public housing projects.

### Tenant purchase

Many tenants express a wish to purchase their units, and OHC has instituted a program providing for tenant purchase of some units in some projects -- generally older units originally built as "full-recovery" housing.

The program is very selective. As a result, projects that appear to have equal qualification for such a program are not included -- evidently because of the local housing authority's attitude -- and this has created serious inequities in treatment.

Where such inequities exist (the Hamilton Heights project in Sault Ste. Marie is an obvious example), they should be corrected. Yet beyond this, the program does not get at the central question of whether provision should be made for tenants to purchase their units in all projects, as a matter of principle.

The main arguments for tenant purchase programs are essentially that: 1) Tenants of long standing should not be permanently locked into a system that frustrates ambition and independence, but should be given the opportunity to secure a meaningful stake in their surroundings: 2) The upkeep and improvement of the units would be facilitated if the tenant could view it as being potentially his own home: and 3) Allowing some tenants to purchase their units would help to stabilize the project community and provide a balanced community structure which is seriously threatened in many projects because of the high proportion

of mother-led families or other welfare-assisted households.

The main argument against tenant purchase is that it would reduce the supply of available public housing units at a time of extreme shortage. The "punitive" aspects of the rent scale are, in fact, designed precisely for this purpose: to force tenants out when their incomes reach a relatively high level, so as to release their units for more needy families.

Because of the very high cost of private accommodation, and the shortage of private houses or apartments for very large families, the system does not always work this way. Many tenants stay on for a long time, paying very high rents. Their units are not released for more needy families, and their ambitions are severely frustrated. These tenants frequently comprise important elements in the structure of the project community, and provide a valuable stabilizing influence.

It is advisable in principle to promote mixture and mobility between assisted-rental and assisted-ownership housing, and provision should be made that would allow tenants to purchase their units.

Such a program should be based on an arrangement whereby rental reductions in the upper areas of the scale could be converted into equity, and would have to be geared to the specific circumstances in any given community and in any given project.

Federal and municipal agreement will be necessary, and the outlines of such a program might be quite complicated. Nevertheless it should be established as a general objective that some ownership units be secured in public housing projects, and that a proportion of the existing units be made available for this purpose in public housing projects generally, rather than selectively as is now the case.

To do this effectively, public housing units should be designed so as to allow them to pass into the private market without difficulty.

### 3. SPECIAL HOUSING NEEDS

Low income and the nature of the housing supply are the main reasons for housing assistance programs. In addition, there are certain groups of people with special housing needs who have separate considerations for housing assistance. These are the elderly, native people, physically handicapped and mentally retarded persons, people living in single rooms, and students. Their housing needs are principally financial, but are to some extent physical as well.

Although the discussion of their needs and the existing programs to meet their needs are treated separately, the provision of housing for those with special needs should, as much as possible, be made part of a general housing development program.

For each of these groups three aspects are considered here: 1) What are the group's "special needs"? 2) What is known about the dimensions of the problem and what is being done about it? 3) What are the directions for action and programs.

#### HOUSING FOR THE ELDERLY

The elderly face a number of financial housing problems. Being mostly on fixed incomes, on low incomes, or without any income, they cannot meet the high and rising cost of housing. Many of them live cheaply in rooms where they frequently lead a lonely life. Those who live in their own

homes find them hard to maintain and pay rising taxes. In smaller rural and northern communities, many live in isolation. Because of age they are in need, to a varying degree, of health care and other services that are often not available to them.

The elderly need accommodation within their limited and mostly fixed means -- and small units that they can more readily manage. They need access to general services such as shops and entertainment, and to special services such as health care. They need companionship, transportation facilities, and a variety of housing types to suit their living habits acquired over a lifetime.

About 12 percent of the total population in the province (900,000 persons in 1971) are over 60 years of age. About 650,000 are over 65, half of whom receive a total or partial Guaranteed Income Supplement. Two-thirds of the elderly are home-owners, of whom most (87 percent) are mortgage free. But because of their low and fixed incomes, homeownership by the elderly may cause financial difficulties due to maintenance costs and taxes, even though they have paid off their mortgage. For those who are paying off a mortgage, homeownership can be a serious burden.

Of the elderly who live in rental accommodation, about 30,000 persons live in rooms. It is likely that many of these have the lowest incomes.

Two conflicting considerations arise from homeownership for the elderly. First, older people's space needs can usually be satisfied in apartments or in small houses and hostel-type accommodation. If this type of housing were available for the elderly with larger homes, these could become available for families.

To the extent that the elderly want to move to "more suitable" accommodation, the only thing preventing them from vacating homes that are too big for them is the lack of small units to move to. There is no financial constraint under present conditions because there is a ready and good market for their houses.

The second consideration relates to helping elderly people pay for their homes where they now live. The kind of help suggested includes tax abatements (since they are less demanding on community services) and financial assistance for home maintenance.

The principle of housing choice, and the impracticability and insensitivity of moving the elderly from their homes against their will, leads to the conclusion that the housing needs of the elderly are best served by providing small units in a variety of types and settings that serve:

- 1) Those who are badly housed and are in financial need;
- and 2) Those who live in dwellings too big for their needs, and who wish to move voluntarily to smaller units.

The second type of assistance might well include elderly who can afford to pay near-market rates. They should be assisted because, if they sell their house, there is no reason to assume that it will not become available as family accommodation. And perhaps they should receive priority for OHC housing if their houses are made available to OHC for this purpose.

Housing programs for the elderly have usually been popular. Tenants are generally satisfied and the neighbourhoods in which senior citizen housing has been built have accepted them readily. The Ontario Housing Corporation has created a stock of about 18,000 rent-geared-to-income units, and plans are to increase this amount to about 26,000 units by 1976.

In addition, nearly 6,000 units in OHC family buildings in Metropolitan Toronto are occupied by elderly persons, and Metro Toronto also has its own senior citizen housing program, amounting to about 4,000 subsidized units and 3,000 limited-dividend "full recovery" units. There is also a small amount of senior citizen housing provided by municipal limited-dividend companies in Windsor and Ottawa.

Altogether, there are now about 32,000 low-rent senior citizen housing units in the province. With the additional OHC units and about 3,500 planned Metro Toronto units, by 1976 there will be a total of about 43,000 senior citizen units available.

Elderly persons' housing is also provided in Homes for the Aged owned and operated by the municipalities and by charitable groups. These homes house about 25,000 elderly persons, and they care increasingly for the very old (over 80) and the more incapacitated.

Still other accommodation is available for the elderly, so far in small numbers but great variety. These include non-profit housing providing hostel-type service, cooperative housing, hotels for the aged, and group homes

and private home placement. There is great variation in the quality, cost and benefits of these different types of accommodation, but very little organized information about it. The elderly cannot find out what is available, and those who provide and manage housing for the elderly have no overview of need to be met.

The largest single concentration of senior citizen housing is in Metropolitan Toronto (13,000), followed by Ottawa (4,000 units) and Hamilton (3,000 units). In Metro the provision is particularly confusing in terms of financial arrangements and management; there are rent-geared-to-income units and limited dividend units, and management is divided between the Metro Toronto Housing Company and OHC.

The anomaly of different rent scales is to be eliminated through an agreement with CMHC that will convert the limited dividend units into rent-geared-to-income units. But there still will be two housing lists for the elderly in Metro -- Metro Toronto Housing Company's for senior citizen units, and OHC's for elderly accommodation in public family housing units.

These lists are not reciprocal. Since Metro's housing includes bachelor units -- which many elderly do not want -- prospective tenants are forced to make a difficult choice as to which waiting list to go on.

There are also different subsidy arrangements for the two types of senior citizen housing. For the 6,000 OHC units, Metro contributes 7½ percent of the subsidy and OHC 42½ percent, but for the 7,000 Metro units its contribution is 50 percent, with no Provincial share.

The distinctions between the two programs are largely of historical origin, but there is little justification today for continuing with two different programs for the same market, with two competing waiting lists, two site selection and building programs, and two management organizations, nor for the Metropolitan Toronto taxpayer to pay a substantially larger sum for supporting senior citizen housing than elsewhere in the province.

The use of "income" in the calculation of rent scales for the elderly is a questionable practice. In many cases, the older people do not have any income in the conventional sense. Such income as they may have is usually fixed and declining in value because of inflation, and other payments

they receive are various forms of government assistance.

The notion that under those circumstances they pay a rental that relates to income merely becomes a bookkeeping exercise. A more straightforward method would treat rental assistance as a residual after necessary living expenses and some discretionary income has been allowed for in relation to their means of support -- pension or GIS, for example.

A simple conclusion about our senior citizens' housing situation would be that the main program now used -- generally one-bedroom apartments in projects built for the elderly only -- is satisfactory and that more of it is needed, although how much more is not known. Generally, this would probably be acceptable to the elderly and the public at large.

Apart from unifying the provision of elderly persons' housing in Metro and reviewing the rent scale for senior citizens, some other review of program direction should be undertaken. People live longer and, when they are old, more of them live on their own than used to be the custom. For these reasons there will be an increasing demand for housing for the elderly. Exclusive concentration on one form of housing will tend to institutionalize senior citizen housing.

In line with variety of life styles, there should be a variety of housing for the elderly. High-rise apartments are suitable and desirable for many elderly persons, but not for all. Low-rise and bungalows with immediate access to the ground are also preferred by some elderly, especially the handicapped. This indicates the need to offer different forms of senior citizen housing.

Housing for the elderly is being built in the centre of cities as well as on the outskirts. The siting of elderly persons' housing presents little problems, but the choice of general location and distribution has not been subject to any policy. Opinions on where to build for the elderly (generally held by younger people) differ between building only "where the action is" -- that is, downtown -- and building in the open where grass and flowers can be seen. There is, of course, need for both, including locations where the elderly can plant flowers. But little is known about preferences.

The reference to handicapped elderly persons suggests that other special housing needs might be combined in single development projects. The requirements of the not-so-elderly roomers resemble some types of housing for the elderly; that is, small units, at a low price, and in a downtown location. On a small scale, it may also be possible to house married students in the same buildings as elderly couples. And single working girls in need of assisted housing would be appropriately housed with elderly persons.

The mixing of elderly persons' housing within the community can be further extended by locating small-scale low-density units within family housing areas. Small groups of low-rise elderly housing near shopping and community facilities are very suitable locations that prevent isolation.

Finally, the standards, and therefore the cost, of elderly persons' housing should also be reviewed. Some elderly are able and willing to pay for higher amenities. At the higher income levels, the private market effectively serves older people. But elderly persons with moderate means, including those living in older houses they own (and especially those who wish to move and live with people of their own age), cannot always find suitable accommodation. In broadening the program for housing the elderly, in terms of types of units, location and price, this group can be provided for and, at the same time, the general distribution of the elderly throughout the community facilitated.

#### NATIVE PEOPLE

The difficulties of dealing with the housing needs of Indians are characterized by five factors: 1) Problems related to provision of serviced housing in the north and remote areas; 2) Low incomes of Indian families; 3) Separation of Federal-Provincial jurisdiction over Status Indians on reserves and all Indians (Status, non-Status and Metis) off reserves; 4) The migration of Indians; and 5) Substandard housing conditions, particularly on the fringes of northern towns and in roadside settlements.

The Federal Government is directly responsible for some 57,000 Status Indians in the Province, but concentrates its activities on the 35,000 or so Indians living on reserves. The movement of Status Indians off the reserves has been growing and can be assumed to be a continuing process.

There are between 50,000 and 60,000 non-Status Indians and Metis living in various parts of the province, many of them in the smaller northern communities which are expensive to service.

Status and non-Status Indians and Metis are all moving from the remote areas to the towns, and from the smaller centres to the larger cities. Many communities now have substantial Indian populations living outside the municipal boundaries.

The province finds itself in a unique situation. By law, the Federal Government is responsible for the housing of Status Indians, but mainly on the reserves. Off-reserve Status Indians, like non-Status Indians and Metis, are essentially given no special consideration apart from other citizens.

But most Indians have special and pressing housing needs. Indians living in unorganized districts have perhaps the most inadequate housing in the province: tar paper shacks, dirt floors, severe overcrowding, and inadequate plumbing, electricity, heating and sewage disposal. Indians living near the towns have somewhat better conditions, because sewage facilities and indoor plumbing are more common.

The Federal Government's housing programs are applicable mainly on the reserves except for a limited mortgage assistance program for some Status Indians outside the reserves. Federal programs include subsidies for basic services, loans for those who cannot obtain financing from private lending institutions, financing for Bands, and grants and loans to Indian organizations for housing research and experimental programs.

The Provincial Government's involvement with Indian housing is recent, beginning with a small experimental housing program in 1970 which to date has produced about 60 homes. Another experimental program is in Toronto, where Wigwamen Inc. received \$17,000 from the province to purchase homes and lease them to Indians and Metis under a rent supplement program.

A permanent program operated by OHC, and so far little used, is the Northern Ontario Assistance in Housing (NOAH). NOAH is linked to the rent-geared-to-income scheme and is available to all residents, but it could serve especially the non-Status Indians and Metis. At present, however, the minimum rents are so high that they are beyond the reach of

most Indian families. A pilot project has just been launched in northwestern Ontario for self-help Indian housing using factory-built houses.

Indian housing needs are more acute than those of other low-income families. By tradition and sentiment, suitable approaches to housing for Indians would emphasize self-help, ownership rather than rental housing, and community involvement.

The type and standard of housing acceptable and suitable for their needs has not been examined systematically.

There may be different standards that suit different circumstances. The Indians moving to the towns may want to adopt local living patterns, or may wish to retain some of their conventional housing form, incorporating modern services.

Those living outside towns, and whose prospects for making a living there are reasonably assured, could be assisted to enable them to live in safe and sanitary housing but at a standard related to their income capabilities.

An Indian housing issue that remains to be resolved concerns the cost sharing arrangements between the Federal and Provincial governments. The situation of Status Indians on the reserves calls for no change as far as the Province is concerned. But the housing needs of all Indians (Status, non-Status, and Metis) off the reserves should be the joint responsibility of the two senior levels of government.

Another issue that has been raised concerns the question of discrimination against Indian applicants for normal OHC family housing in some northern and northwestern communities. If this is in fact occurring, it should be resolved through the appropriate legal tools, but also requires attention by OHC in its supervisory role over the local housing authorities. Ultimately, this kind of question will have to be resolved in the broader context of community relations in these communities.

#### THE HANDICAPPED

The physically disabled need housing assistance mainly of two kinds: 1) Structural alterations to existing housing, or new housing specially designed for their ease of movement;

and 2) Financial assistance, because a high proportion of them are unable to work or to earn good wages.

It is estimated that about 10 percent of the population suffers from some degree of physical disablement. It is not known how many disabled need housing assistance. Data from the social assistance programs for the disabled show that some 50,000 disabled persons earn less than \$2,000 a year. This would, of course, include the chronically ill in institutions and the elderly handicapped. The number requiring housing assistance of some kind is likely to be much larger.

The kind of assistance that could be provided to serve their needs is extremely varied. Many of the handicapped live at home or could live in existing housing, if they received some financial assistance to pay for structural alterations. Others need additional financial assistance towards market housing costs. Many could live in conventional housing, public or private, with organized housekeeping assistance. Still others need special homes where appropriate services and facilities are available.

For the last group, some homes are being provided under The Charitable Institutions Act. For the rest, insufficient provision seems to be made. ALPHA, of London, pointed out in its brief to the Task Force that mother-led families in that city constitute 40 percent of the Provincial welfare roll and occupy 15 percent of the public housing. In contrast, disabled persons constitute 35 percent of the Provincial welfare roll but occupy less than one percent of London's public housing units.

Many disabled persons who could lead independent lives end up in institutions because no suitable accommodation is available for them outside. The National Building Code contains a construction code (Supplement No. 5) that, if generally adopted, would have the effect of making most new residential construction accessible to the disabled. OHC is now providing such units in its new construction.

The program implications are that: 1) Financial assisted housing in all areas, both family housing and housing for elderly, should include sufficient units structurally suitable for the physically handicapped; 2) Handicapped persons should not be denied access to public housing because of the lack of housekeeping assistance; 3) For the handicapped living at home, or able to live in their own home, loans or grants should be available for the necessary alterations;

and 4) The Government should develop suitable information about the housing needs of the physically handicapped in the various parts of the province, and should then encourage the private market to provide enough rental units to meet the general needs of the handicapped, providing financial assistance if necessary for additional costs incurred.

There is little hard information about the number of mentally retarded in Ontario. One estimate, from the American Association for Mental Disability, is two to three percent of the population, which would mean about 200,000 persons in the province. There is, however, no real knowledge about either the degree of retardation, the incomes of families with retarded members or the incomes of those retarded able to work, or about the housing needs of the retarded.

Some retarded persons are able to earn an adequate income, others can function in sheltered workshops, and others require constant supervision. Some live at home. But as the parents grow older, they find it more difficult to care for these individuals, and often the retarded person finds himself at middle age by himself, unable to earn a living and with no place to live.

The conventional answer has been institutional care which is costly to the public and often inappropriate to the individual. There are, in addition, a number of retarded persons who are capable of independent living but have no place to live. Some accommodation in the form of group homes can be provided through The Retarded Persons Act.

It does not seem practical for OMC or any public housing agency to establish or to deal directly with the very special needs of the mentally retarded because their primary programs and services are medical and social. Charitable and non-profit organizations, conversant with and providing service for the retarded, should be provided with additional funds so that they can establish housing needs, the range of housing assistance appropriate, and develop housing programs accordingly.

### The Roomers

Roomers, that is, persons living in other than self-contained accommodation, generally live this way because the rents are cheap (ranging typically between \$15 and \$20 a week), the

room is furnished and heated in winter. Roomers are persons with low income and include students, young working people, working poor of all ages, old people, and welfare recipients. Rooming accommodation is mainly found in the larger cities and usually in converted houses.

There is no information about the supply of rooming houses or the loss of rooming houses due to demolition or conversion to other uses; nor is there information about the demand for rooms. The provision for roomers has been left almost completely to the private market.

The general, and probably false, impression about roomers is that they mainly comprise persons with welfare or personal social problems. Yet among the roomers are persons who, with small assistance, could be housed in standard accommodation. These include the students, those earning low wages, and some of the elderly.

No doubt many of the roomers are transients or persons in need of minimal accommodation for a short time only. For some of them a recently completed project in Toronto, jointly provided by the YWCA and OHC, is a good -- but so far unique -- example. It offers some 330 young working women with low incomes bed-residences, and rents are geared to their incomes. Another example not restricted to women is the Alexandra Park Co-operative in Toronto, where several rooming houses are incorporated in a predominantly family project.

It is not known to what degree the private market provides properly for roomers. Despite the difficulty of establishing the roomers' market, it should be a public responsibility to ensure that there is suitable accommodation for them. As in the provision for other special groups, it would be preferable if this provision is not made separate from complementary needs. The YWCA project is an exception, suitable for young girls in need of sheltered accommodation. Most of the other roomers' needs could be met by efficiency apartments incorporated with elderly and student units, or by bed-residence type accommodation equally suitable for students and low income single working people.

### Students

It is estimated that more than half of post-secondary students live away from home, about a quarter on campus. The number of students living at home is declining, and the

demand for off-campus housing remains heavy. From 1961 to 1969, approximately 26,000 students obtained housing on the private market, mainly in the low-cost sector, about equal to the number of students living in accommodation specially provided for them by the universities, OHC, and student co-operatives.

The institutional nature and the cost of on-campus housing are the two most important factors leading students to seek off-campus housing.

There is a gradual trend toward relaxing restrictions on the freedom of students in residence. But the costs of student housing tend to be increasing, and often exceed what students are able to pay. These high costs result partly from the high quality of student housing, both in design and materials, and partly from the inclusion of mandatory services in the rent (such as meals).

On-campus student housing projects, through the Ontario Student Housing Corporation, have come to a halt with the present drop in enrolment. The future provision of student housing will require a thorough review in the light of future enrolment projections.

Student housing cannot be usefully discussed on a Provincial basis. The student housing needs in a northern community are different from those in Kingston or London, and neither of these needs are relevant to Toronto or Ottawa. The location of the college or university, the size of the city, and the nature of the city's housing market, as well as changing attitudes toward on-campus housing, determine local student housing needs.

One specific question that needs examination is the student housing needs in community colleges located in smaller communities where there is little suitable private housing available for this purpose, particularly those colleges that tend to draw their students from a wide geographic area.

From the perspective of the total housing needs for assisted housing, students represent one category of persons in the market for low-cost housing and, as such, they compete for housing with low-income individuals and welfare recipients. They can also be suitably served by conventional rental accommodation that can be shared by several students but this is constrained by the fact that the academic year does not provide apartment owners with enough security of tenure.

Student housing has been studied in recent years by and for the universities -- for individual universities and country-wide -- and the issues are well understood by now. A general review of the special housing needs leads to the conclusion that so specific a need as student housing -- which also appears to fluctuate over time and place -- is probably better assisted by enlarging the supply of student-type accommodation generally. People living in single rooms, young couples, some of the elderly, and students can be accommodated in the same development, large or small, downtown or in the fringe, to their mutual benefit and that of the surrounding community.

### Conclusions About Special Housing Needs

Some general conclusions can be reached about the housing needs of special groups:

- The size and characteristics of their needs is not well known, and needs to be determined.
- Special housing needs should be served by a variety of appropriate housing types and locations.
- The housing needs of several of the special groups are identical or complementary. The separate provision for their needs has in the past been based to a large extent on program convenience. Wherever possible, housing assistance to meet the needs of special groups should be satisfied in an integrated manner. This would provide greater flexibility in providing for changing demands, would help achieve compatible community development, and would prevent isolation of individual groups of people. As a general principle, planning should be directed to the housing unit, rather than to specific types of occupancy at any given time.
- Persons and groups with special housing needs should have full access to assisted housing.

ONTARIO ADVISORY TASK FORCE ON HOUSING POLICY

Working Paper E

GOVERNMENT AND HOUSING

June 1973



Ontario Advisory Task Force on Housing Policy

WORKING PAPER E

GOVERNMENT AND HOUSING

	<u>Page</u>
1. GOVERNMENT RESPONSIBILITIES FOR HOUSING	1
2. GOVERNMENT STRUCTURE FOR HOUSING	7
Operation of Laws and Regulations for Housing Production	8
General Government Activities Affecting Housing	11
Specific Activities: Ontario Housing Corporation	15
Relationship between Federal and Provincial Programs	23
Municipal Responsibilities for Housing	25
3. HOUSING AND GOVERNMENT STRUCTURE: THE OPTIONS	29
4. CONCLUSIONS	37
REFERENCES	47
APPENDIX	48



## 1. GOVERNMENT RESPONSIBILITIES FOR HOUSING

The Task Force is charged with making recommendations on the appropriate role of the Provincial and local governments in helping to meet the housing needs of the residents of Ontario. At present that role rests on a general provincial statement that "The Government of Ontario...accepts its responsibility to provide...adequate accommodations for its citizens," and "is confident that in reasonable time the housing needs of the province will be met."<sup>1</sup>

This responsibility is pursued in the context of national housing policies and programs. The national housing objective is, in essence, "to ensure that every Canadian is able to exercise...his social right--the right to good housing at a reasonable cost in a decent community environment".<sup>2</sup> To support this objective the Federal Government has established three goals: availability of a variety of housing; economic accessibility to housing; adequate quality of housing.<sup>3</sup> These goals should be accepted by the Government of Ontario.

In terms of the present housing situation in Ontario, we are far from having reached these goals. This implies that there are extensive government responsibilities to make more housing available, at reasonable cost, in required variety, at a suitable quality, and at desirable locations.

The Provincial and municipal governments carry out many activities affecting housing. The main conclusion that can be reached is that these activities are not being carried out as the result of a conscious housing policy on the part of the Provincial or the municipal governments.

There are also many Government responsibilities relating to housing. These responsibilities are not clearly defined; they are not generally perceived as being "housing" responsibilities; they are generally assigned vaguely rather than specifically; they are largely residual rather than direct; and they are changing. The main conclusion that can also be reached is that they are not defined, assigned, or executed as a result of a conscious housing policy.

### Government activities in housing

Government activities affecting housing production are based on various requirements that have been formally incorporated in laws and regulations determining housing development. The requirements include the health, safety, convenience and welfare of the residents of Ontario; provision of supporting services such as utilities, education, recreation, shopping facilities, and transportation; concern for the impact of development on people; municipal financial stability; and protection of the environment.

The different Government activities affecting housing are summarized in the Appendix. They consist essentially of two major groups: 1) Regulating and influencing housing development; and 2) Directly contributing to the availability of housing. As a general rule, the Provincial and Federal governments are responsible for direct development and for influencing the housing market, although there is also a strong municipal influence in many places. The regulatory activities are carried out by both the Provincial and municipal governments, generally under Provincial direction and guidance. In the end, it is the Province that retains final responsibility over development.

#### 1) Regulating and influencing development

These have become increasingly important government functions, and are now the crucial activities that affect the availability of housing in the Province. The main activities are:

Planning development: It is Provincial Government policy, and that of most municipalities, that housing take place in accordance with plans. The main instruments, official plans and zoning by-laws, are prepared by municipalities and approved by the Province. Regional plans are a municipal responsibility at the regional government level, while plans for the five large Provincial development regions are being made

by the Province.

Regulating development: The development of housing land, as well as the building of individual structures, is controlled by regulations. Land development is controlled by subdivision approval; this is essentially a municipal function, again subject to Provincial approval. The application of zoning by-laws (determining the conformity of proposed developments to adopted municipal plans) is a municipal function. Building codes, which stipulate permitted types of construction, are a local responsibility with Provincial review as to acceptable minimum safety.

Servicing development: Primary services, including major roads and transit facilities, sewage treatment and water supply plants and trunks, are provided by both the Provincial and municipal governments. Municipal primary services receive Provincial and in some cases Federal financial assistance, and are subject to Provincial approval for the standard of services. Secondary services, including sub-trunks and distributor/collector systems, schools, local roads and transit, and community facilities are a municipal responsibility. They are also largely subject to Provincial approval as to standards, and are provided by a variety of financial arrangements, including municipal funds, direct provision by developers or financial levy on developers, and Provincial loans and grants.

Financial activities in support of development: Residential development is influenced by a variety of government financial activities. These include the control of the mortgage market (Federal); financial assistance programs to individuals (largely Provincial and Federal) with a minor municipal role in the case of subsidized public housing; and taxation measures, mainly the municipal real estate tax and other tax measures, both Provincial and Federal.

## 2) Direct involvement in land development and housing

Among activities covered by direct government contribution to land and housing development are:

Development projects: These include the assembly of land for future housing development and new community development;

provision of land to builders for leased lots for moderate-income ownership housing; and construction of subsidized low-income housing. Such activities are primarily Provincial, with some direct Federal involvement. In Metropolitan Toronto, senior citizen-housing is provided directly by the municipality (as well as the Province), and there is a small amount of direct housing provision by a few other municipalities.

Property management: With a few exceptions (mainly Metropolitan Toronto senior citizen-housing) the Provincial Government manages the publicly-owned residential buildings. This is done either directly by OHC, or through local housing authorities under OHC control.

#### Government Structure Relating to Housing Activities

Essentially, the Provincial Government has control over all existing public activities related to housing. The Federal Government provides financial support for a variety of housing and housing-related programs that the Province uses to support local needs, and the municipalities exercise most housing development controls, but under Provincial direction.

During the last two years the Government of Ontario has undergone a major reorganization. The operation of the new structure is still in the process of adjustment, and not all functions are managed yet as expected in the recommendations of the Committee on Government Productivity, on which the present structure is largely based.

The reorganization constituted a major change in both concept and structure, and it was justified, among other reasons, by the finding that:

the operation of individual government departments as separate and distinct entities is no longer appropriate to cope with issues that increasingly involve more than one department.<sup>4</sup>

Ministries with closely related programs and functions were grouped in three policy fields (Social Development, Resource Development, and Justice). One ministry that is primarily concerned with provincial economic policy and regional planning was left outside the three policy fields (Ministry of Treasury, Economics and Intergovernmental Affairs or TEIGA). The Ministry of Revenue was also left outside the

policy fields and the Minister was given responsibility for the activities of the Ontario Housing Corporation.

The governmental activities dealing with housing and urban development generally, in terms of policy and programs, are now distributed between a number of ministries, both in TEIGA and in different policy fields.

The broad distribution is as follows:

Planning and regulating of land use: Planning at the regional and local scale is the responsibility of TEIGA, both through plans prepared directly by the ministry or those approved in its supervisory capacity. Approval for the detailed development of land is also in the hands of TEIGA, with recommendations received from a large number of agencies in several policy fields, in particular, Environment, Health and Transportation and Communications. Some Provincial ministries, such as Health and Environment (Air Management Branch) also regulate housing development directly. Approval of zoning by-laws rests with the Ontario Municipal Board, which is autonomous but subject to Cabinet review under appeal.

Provision of services: The services that enable land to be developed for housing are largely the responsibility of ministries in the Resource Development Field, in particular the Ministry of Transportation and Communications and the Ministry of the Environment. By providing major roads, sewers and water facilities directly, by providing local financial assistance for this purpose, and by regulating the standard of municipal services, these activities are important determinants of the location and density of housing. Other community facilities required for housing are the responsibility of ministries in the Social Development field; the financing of schools by the Ministry of Education is particularly important in influencing the timing of housing development.

Financial assistance to municipalities: The general overview of municipal finances and provision of general municipal grants is the responsibility of TEIGA. Individual municipal programs are financed in part by loans or grants through the ministries concerned; for example, roads--Ministry of Transportation and Communications; schools--Ministry of Education; sewers and water--Ministry of the Environment;

social welfare--Ministry of Community and Social Services.

Provision of assisted housing and land assembly: The direct housing development programs and the assembly of housing land are the responsibility of the Ontario Housing Corporation, which is answerable to the Minister of Revenue. One exception is the North Pickering Community Development Project which is the direct responsibility of TEIGA.

In addition, financial housing assistance is also provided in the form of housing allowances to welfare families by the Ministry of Community and Social Services.

## 2. GOVERNMENT STRUCTURE FOR HOUSING

Several ministries and municipalities make policies on housing and community development, and many ministries administer programs that produce, direct, guide, or influence housing in the Province.

Housing has become a major public concern and the Provincial Government has accepted the responsibility of providing adequate housing for its citizens. Yet no one agency of the Government has a direct and clear responsibility for formulating housing policies, for determining housing needs, and for setting and directing housing programs. At present, housing as well as community development are under the influence of many agencies of the Provincial Government, but under the responsibility of none.

Housing and community development are divided government responsibilities and reside in different policy fields--physical or resource development, social development, and economic development (TEIGA). Because no one speaks for housing in government, the Province has no assessment of its housing requirements and has no specific housing goals it wishes to achieve. What it has is a collection of programs that, though related to housing, do not add up to an effective or consciously formulated housing program.

That the present arrangements are unsuccessful is seen by the fact that the current problems in housing production--the crisis in housing--were not clearly foreseen by the Government. If the shortage of lots for low-density housing and the diminishing supply of rental accommodation were anticipated by any of the agencies involved, then no

effective consideration was given to policies or programs to deal with the problem.

It is more likely, in fact, that the various government policies and programs relating to housing have been at least partly instrumental in leading to the housing crisis. And

...even if the severe housing cost increase of the past year had been anticipated, the distribution of responsibilities throughout the government structure and the lack of a focal point for policy formation and co-ordination of housing programs would have made preventive measures difficult to develop and implement.<sup>5</sup>

To assess how the existing government structure for carrying out housing responsibilities has been working, the following aspects are reviewed:

- The operation of laws and regulations for housing production
- The general government activities affecting housing
- The specific government housing activities (OHC)
- The relationship between Provincial and Federal housing programs
- The municipal responsibility and role in housing

#### OPERATION OF LAWS AND REGULATIONS FOR HOUSING PRODUCTION\*

A review of the laws and regulations affecting housing development in Ontario leads to the conclusion that the concern for the health, safety, convenience and welfare of the Province's residents has been expressed mainly through controls on the development of land. Aside from building codes, there are few laws and regulations directed specifically towards the production of housing.

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\*For a fuller discussion see M.M. Dillon Ltd., The Effects of Land Development Control on Housing Supply in Ontario, A Working Paper prepared for Advisory Task Force on Housing policy, May, 1973.

The regulatory process for development is created and administered in response to various perceptions of the "public interest". This, in turn, varies between the view of the public interest held by the public, the municipalities, and the Province.

The public generally sees the need for land development control from the point of view of the people who already live in a particular area or neighborhood. They seek and support laws and regulations that protect their present environment and their interest as property owners and occupants. One part of the "public"--the housing industry--views land development controls as they promote or impede the operation of the industry.

The municipality sees the need for land development controls from the political and administrative points of view. The political perception of the "public interest" also emphasizes the interest of the people already living in the municipality; this may lead to different protective actions for the environment, social stability, financial stability and further growth. The administrative considerations bearing on land development control are weighted toward ease of administration; that is, to avoid public complaints during the construction process, and to ensure against long term problems (by insisting on over-design, for example).

The Province looks at the "public interest" in land development from the standpoint of overall Provincial development intentions, but also from a variety of standpoints, each representing the particular concerns of the department or agency involved. That these individual perceptions of the public interest frequently conflict is well documented.

Whatever the purpose of the laws and regulations for protecting the "public interest" in the control of land development, the result is that they ensure quality and not quantity. The laws and regulations for housing development are protective and negative, in terms of housing production, rather than positive and productive. The "public interest" pursued is for "good housing" not for "housing". The regulatory process does not concern itself with the volume of housing achieved, or with the achievement of adequate housing, or with the cost of housing.

While other governmental housing-related activities, such as planning, servicing, and financial assistance, are directed towards the achievement of national and provincial housing objectives--adequate accommodation--the laws and regulations

concerning land development do not serve those objectives, and can be said to work against the achievement of the objectives. The Province as the broadest representative of the public interest has the responsibility either to change the laws and regulations or to administer them towards the achievement of housing production objectives--adequate accommodation for the people of the Province.

Even within the confined scope of the ends that are served by the regulatory process, the administration of land development controls is unclear, not well related to policies, and time consuming; it therefore results in conflict, confusion and costly housing development. The administrative problems arise, for the most part, because there are no housing policies to guide the administration of regulations.

The main administrative problems, briefly summarized, are:

Lack of relationship to provincial development policies--The regulations for land development are administered without adequate regard to the Province's regional development policies. These policies in turn are only partial or fragmentary at best. There has been no determination of development goals for most of the Provincial regions, nor adequate articulation of those goals that have been established.

Absence of municipal housing policies--Municipal development regulations are almost always administered in an absence of housing policy. Development controls are intended to implement the official plan, but most plans do not provide a housing policy to guide the development approval process. At best, the housing goals of most municipalities are imputed, that is, expressed in numerical terms--population and density distribution--which serve to control the development of land rather than to ensure adequate accommodation.

Lack of distinction between Provincial and municipal responsibilities--The Province is constitutionally responsible for all matters relating to municipal functions and delegates authority and responsibility in several areas of community development. The delegation process is vague and undefined, is usually based on informal judgments relating to the individual municipality's "ability" to perform adequately, and is frequently overtly patronizing.

Policy determination, and the administration of development regulations in furtherance of policy, often fall between the two levels of government, resulting either in a conflict or a vacuum.

Decision-making within fragmented policy structure--At both Provincial and municipal levels, decisions on development applications are reached on the basis of recommendations of various departments that operate different, and often conflicting, policies. At the Provincial level no formal procedure exists for establishing criteria and guidelines for evaluating recommendations and resolving conflicts. At the municipal level, where political pressures are more intense, the tendency is to resolve conflicts by requiring the highest development standards to avoid future problems and municipal expenditures. At both levels the fragmentation of the decision process leads to expensive delays resulting in costlier housing.

Absence of clearly defined development criteria--The development approval process, despite the laws and regulations established by and with the approval of the Province, is not fully documented or understood by developers or the public. Despite the voluminous paper work involved, the information required by the approving authority, and the standards to be met by the developer are indeterminate. They vary between municipalities and frequently within municipalities.

Lack of public acceptance of existing laws and regulations--Partly due to the looseness of the approval process, and partly because of the growing interest on the part of the public in urban development generally, there is an increasing lack of acceptance of: 1) The approval process itself, and 2) Previously approved developments. The regulatory process adjusts to the public's participation and the public's pressures by adding development requirements, thus further raising development standards, lengthening the approval procedures, and increasing the cost of housing.

#### GENERAL GOVERNMENT ACTIVITIES AFFECTING HOUSING

It has been noted in another Task Force document (Working Paper C - Land for Housing) that the Provincial Government's activities and responsibilities bearing on the use of land are very diverse. The same list may be cited for housing

generally. Briefly, these include the following:

- Responsibility for installing, approving, and/or financing major trunk services, transportation facilities, schools, etc.
- Financial supervision and influence over municipal activities affecting housing, including borrowing, spending, assessment, and financial grants.
- Determination and application of policies and programs relating to regional development and regional government.
- Operation and supervision of laws and regulations affecting housing.
- Direct provision of housing and housing land.

The operation of laws and regulations has just been dealt with, and direct housing programs are covered in the section that follows. Summarized here are some of the more significant activities arising from other government programs that have a significant effect on the production of housing.

### Regional planning

The establishment of Provincial regional plans is proceeding with little reference to the question of housing need or housing supply. Of the five Provincial planning regions, only in the Toronto-Centred Region (renamed the Central Ontario Region) has the planning program proceeded to the stage of formulating general development proposals.

These proposals have not taken into account the question of housing need, demand or cost, and have had the effect of seriously constraining the normal process by which land is developed with housing. This has occurred both through the application of specific regional planning proposals and guidelines, and through the delays caused by the regional planning process. There have been very extended delays in the processing of municipal plans and private development proposals while specific regional planning proposals, such as population allocations, are being developed.

The prospect of seemingly endless delay has, in some instances, fostered a general inertia among municipal officials and developers which has, in turn, led to a

distinct slowing down in plan preparation. The net effect has been an effective freeze on housing development which has undoubtedly had a significant effect on the current housing shortage in the Toronto region.

This is not to suggest that the regional planning proposals and the process of preparation should automatically give priority to the question of housing production. What is noted simply is that the process as it operates in the Province does not take into consideration the question of housing at all.

### Regional government

The establishment of regional governments in a number of areas has also been carried out without evident reference to the question of housing supply, production or policy. The imposition of a second level of planning control has led to a slowdown in the normal rate of development processing, and there may be serious delays in the processing of plans already adopted by the local governments in the new regional government areas that will go into operation next year.

One characteristic of the regional government program has been its failure to clarify at the outset the relative responsibilities of the two municipal levels for development control and housing matters. Another has been the failure to assign specific responsibility and authority for housing policy formulation to the upper-tier governments to reflect the realities of regional housing markets.

The determination of regional government boundaries also reflects the lack of consideration of housing questions. As noted in Paper B, if the Metropolitan Toronto boundary had been adjusted to conform to the Metropolitan servicing capability (as proposed by the Goldenberg Commission in 1965) thousands of dwellings would have been put into place by now on the vacant land directly north of the Metropolitan boundary which has been neither urban nor rural for many years.

Again, as with regional planning, it is not suggested that the regional government program should necessarily give priority to the question of housing. In the past, housing has had no priority; the question has simply not been taken into account at all as the decisions to implement regional

government have been developed and carried out.

### Supporting services

The direct provision of primary sewer and water services, financial assistance to the municipalities for this purpose, and the application of Provincial service standards have been carried out to support housing production. At the same time, the government's environmental service programs have also not shown any fundamental concern with questions of housing need or housing cost. The provision of services and financial assistance has been largely on a "first come, first served" basis, without reference to the distribution of housing need.

The setting of Provincial engineering standards has had no concern for their effect on housing cost. Some examples may be noted: The refusal to permit interim servicing of the up-stream areas north of Metropolitan Toronto, in anticipation of a future lake-oriented sewage disposal system (as had been provided for Metropolitan Toronto itself in earlier years); the application of costly air management standards for the expansion of sewage treatment plants, with a likely serious effect on housing costs, either in terms of the actual funds required or the delays created in expansion programs; and the application of rigorous and financially unfeasible servicing standards to rural areas and isolated northern communities.

The direct provision of transportation facilities, the financing of municipal transportation, and the control on municipal roads reflect the same situation. Policies have been developed and programs carried out on the basis of transportation requirements and, more latterly, regional development objectives without considering their impact on the production or cost of housing. This has been most directly relevant in the application of financial grants that are related to right-of-way requirements, which have a measurable impact on the cost of developing land, and hence on housing cost. The reservation of Provincial freeway rights-of-way sometimes has similar effects.

Of the various Provincial supporting programs, those relating to community and social services have probably had the least adverse impact on the provision or cost of housing, in that they essentially provide services and financial assistance for people directly. Thus, for example, schools have until recently been supported almost without question

wherever required to serve new housing development.

The current constraints on educational spending, however, appear to be seriously affecting the ability or willingness of some school boards and municipalities to proceed with housing developments for which direct neighbourhood school facilities cannot be provided under Provincial policy directives. As with the other programs noted, these policy formulations have evidently been made without any reference to their likely impact on housing.

For all of the supporting services, it can be concluded that their policies are formulated essentially in terms either of their own specific objectives or in the context of broad government policies, such as regional development, resource conservation and financial constraints. As there is no overall Provincial policy for housing, housing policy matters do not come into play in any meaningful way in individual departmental considerations.

#### SPECIFIC ACTIVITIES: ONTARIO HOUSING CORPORATION

OHC's stated responsibilities are essentially to satisfy housing needs in Ontario that are not met by the private market. Its potential clients include all low-income persons and moderate-income families who are not yet served by housing assistance programs. Numerically, these far outnumber those already in receipt of housing assistance.

#### Mode of Operation

As the Provincial Crown agency set up to discharge Provincial housing responsibilities to a large section of Ontario's population, the Corporation finds itself in a very special situation in relation to the Federal Government, the Provincial Government, and the municipalities. OHC's funds and the purposes for which they can be used are largely determined by Federal housing policies, priorities, and programs. Since the amount of funds and the mix of housing programs originating at the Federal level are not firmly fixed, they do not constitute a definite constraint on OHC's operations, but to a degree limit the flexibility of its operations.

The Provincial Government is in direct charge of OHC through the Minister of Revenue, who is responsible to the Cabinet for the Corporation's operations. Its programs are approved

by the Government, as well as its funds, whether secured directly from the Government or through negotiations with CMHC. The Minister is responsible for the Corporation's operations but he has no staff. OHC's staff is responsible to the Board of the Corporation. Unlike other Ministers operating within ministries, the Minister responsible for OHC is thus in a position of authority without control.

By procedures that arise more from established tradition than from adopted government policies, the municipalities, rather than the clients directly, provide most of OHC's market. Except for its land programs, OHC's programs are used only at the request of individual municipalities. Since the apparent housing needs of municipalities must be served if and when requested, and particularly since the municipalities are increasingly able to reject individual projects, it is evident that the municipalities are in a position of power without responsibility.

As a result of these confining circumstances OHC is left in a position of responsibility without authority.

Up to the present, OHC's activities have not been constrained by either the Federal or Provincial governments. Instead the pace and nature of its activities were largely dictated by the random initiatives of individual municipalities. OHC's two types of programs illustrate its relative freedom of action in trying to pursue a Provincial housing program as against a series of municipal housing projects.

The first group of programs operate within narrow and selective objectives, and only at the request of the municipalities. The local council, not OHC, initially decides whether there may be a need for housing assistance to the elderly or to low-income families. OHC estimates the immediate, local requirement for this purpose and the municipality decides whether OHC should go ahead and satisfy the identified need or part of it. Thus OHC, the Provincial agency charged with implementing Provincial housing policy, is relegated to the position of local advisor on special housing needs and, if the advice is acceptable, as provider of assisted housing with limited local financial contribution.

The housing programs in this group include assisted housing for poor families and the elderly--public housing, senior citizen housing, and rent supplements for public housing tenants living in private accomodation.

In other words, for the groups whose needs represent a prime objective of Provincial policy, the decision to provide actual assistance essentially rests with the municipalities rather than the Province.

The second type of OHC programs are introduced without the request or expressed consent of the municipalities. Generally these programs are geared to assist moderate-income families, and they include leased lots for homeownership, condominium development, and land assembly. All of these programs function without local financial contributions.

While OHC can therefore operate these programs in relation to Provincial policies and local needs, the Corporation is constrained by the cost and availability of land in the case of leased lots and land assembly for other housing purposes, and the assisted condominium program depends on the willingness of private developers to participate.

All of the land programs also depend on the willingness of municipalities to process development, and are constrained by the usual problems of development processing already described.

Since it started operating in 1964, OHC's activities have shown certain programatic and geographic trends. About two-fifths of its units are in Metropolitan Toronto and, with the 7,000 senior citizen units built and owned by Metro, account for 45 percent of the total stock of assisted housing in the province. These units house about eight percent of the households in Metropolitan Toronto. In Ottawa, Hamilton, Sudbury and Windsor the ratios are similar (seven to nine percent), but in the other major centres they are lower, declining to 4½ percent of total households in Kitchener and Kingston and 3½ percent in Sarnia and Thunder Bay. Outside of the three largest cities--Metro Toronto, Hamilton and Ottawa--only 3.3 percent of the province's households live in assisted housing units.

There are also geographic variations in the kind of assisted housing provided. In the main urban centres nearly 80 percent of the assisted housing units are low-income rental dwellings, while in the smallest communities, with populations under 5,000, three-fifths of the assisted housing is for moderate-income ownership.

In low-income housing, the ratio between family and senior citizen units also varies. For the province as a whole,

three-fifths of the assisted rental units are family housing. The ratio is much higher in Kingston (75 percent), Sudbury (70 percent) and Metro Toronto (66 percent). In most of the other major centres, about half the OHC rental housing is family housing, while it is particularly low in London (41 percent) and Guelph (38 percent).

OHC's program distribution is now changing drastically. Where the moderate-income units accounted for only a quarter of OHC's total stock up to now, they will account for nearly half of the new units in OHC's projected program for the next three years. This is probably due at least in part to the growing resistance to new public housing developments in many communities, but the full reasons for this significant shift in emphasis have not been dealt with at an overall Provincial policy level.

OHC's land programs also show considerable geographic variation. OHC has land holdings, either raw or serviced land, in more than half of the Province's larger communities (over 10,000 population), in less than a quarter of the communities between 5,000 and 10,000 persons, and in only one-tenth of the communities with fewer than 5,000 persons.

It is clear that, since it started operating, OHC's activities have shown programatic and geographic trends that do not relate either to established Provincial policies and priorities, or to comprehensively identified needs. This was perhaps to be expected, given OHC's situation. The variations in the type of programs used in different locations, the extent to which OHC has penetrated the different local markets, and the changes that have taken place over time derive from the fact that, while it is accountable to the Province, its responsibilities are confined and it has served principally as a servant to the municipalities.

In the previous COGP recommendation for establishing a Housing Ministry (which is discussed later), the following responsibilities were assigned:

- Coordinating and expediting the efforts of the private sector in furnishing the major portion of the housing requirements of the province.
- Forecasting future housing requirements and recommending government policy to encourage implementation of required production in accordance with established regional plans, etc.

- General policy administration of the Ontario Housing Corporation, leaving the corporation to implement production of housing to the extent that the private sector cannot satisfy total requirements.

The first two functions are not now being carried out by the Provincial Government, and the last--general policy administration of OHC--is only nominally in the hands of a Minister (rather than a ministry). In any case, OHC's job is confined to that part of the housing market that the private sector cannot satisfy, and dependence on municipal initiative precludes OHC from really operating according to Provincial housing objectives, or to a comprehensive assessment of local housing needs.

### Emergence of policy

To the extent that OHC's policy can be defined, it is a policy that has emerged, rather than having been established or declared at any one time. Just as the Corporation's policy is restricted to part of the housing market, and its policy determined by its programs, so do other housing policies emerge from various Government programs and actions. For example, the Provincial regional plans implicitly (but not explicitly) create housing policies. The Provincial program for primary services operates according to a definite policy (to serve existing needs on a first come, first served basis) and the Provincial administration of subdivision approvals follows guidelines, stated or unstated, that constitute a kind of housing policy.

Within the confines of its operation, OHC's policy can be considered as the residual beneficiary of other events and occurrences. By the nature of the process, policy is constantly changing and adapting to new circumstances. The events and forces that have shaped policy include:

- The nature of Federal assistance programs
- Provincial Government announcements and Minister's statements
- Government departments' housing-related activities and procedures
- Local initiative in requesting assisted housing action

- Local acceptability of programs
- Tenant views and pressures
- Citizens' reactions to completed projects

Policy formulation has been essentially a reactive process, and is not unusual in this respect. Policy has also emerged through innovations in programs. There have been essentially three sources for program innovation. While it is difficult to determine the relative importance of these three sources, each of them contributes to policy in some measures.

The Government, through the Minister responsible for OHC, makes suggestions which OHC's Board of Directors is bound to consider, and the Government's budget allocation for the operation of OHC's programs directly influences policy because it forces adoption of priorities in the spending of the allocated funds.

The OHC Directors, most of whom have served since the inception of the Corporation, make decisions on housing programs, organization, and operation of programs and projects. Hence they either formally adopt policies to guide their decisions or they establish policy through the decisions they make.

The senior staff of the Corporation initiates programs and procedure for operating programs which are approved by the Board. Conceivably, some if not all of the staff proposals, designed to achieve effective provision of assisted housing, contain policy issues.

Whatever can be discovered about OHC policies shows that they:

- Are influenced by a variety of factors beyond the control of OHC or the Minister responsible for OHC, instead of resulting from a coherently established process;
- Constitute only part of the total Government housing policy, are confined to the assisted housing market, and operate independent of other Government policies;
- Are continually changing, depending on circumstances that are not always, or not necessarily, concerned with housing.

### The many roles of OHC

In carrying out its duties, OHC performs many functions:

It generates part of Provincial housing policy by virtue of its programs. It is a major housing developer, either by having housing built for public ownership, by leasing private housing for assisted families, or by financially assisting construction for homeownership. OHC is a land purchaser, land developer, and land manager, principally in its capacity of giving assistance to moderate- and middle-income homeowners, but also in its emerging role of new community developer.

All of these functions would be expected from an agency charged with the provision of housing for those not served by the private market. In addition, the Corporation performs many housing management and social development functions. In the selection and placement of tenants, as well as the administration of assisted rent scales, the Corporation serves as a social worker. In recent years, as funds were made available for recreation and other community facilities in public housing projects, OHC has also performed community and social planning functions.

Finally, as the owner of a variety of housing units OHC is a housing manager, although the Corporation has in some cases let out this function under contract to private firms.

All of these roles can be clearly defined, and the administration of the functions is under the direct control of OHC, with certain delegations to local housing authorities.

What is less clear, and is perhaps the greatest source of friction, leading to resistance on the part of ratepayers, municipalities and tenants, is how OHC gets into these roles; that is, how needs are established, how it is determined needs be met, and how plans are prepared and adopted.

### Lessons and Issues

From OHC's experience, lessons and issues emerge which can be briefly summarized.

- OHC has had many responsibilities thrust upon it, perhaps too many for a new agency. It chose therefore to concentrate mainly on its central duty--the

provision of housing for a certain section of the community.

- In the total process engaged in by OHC, three major functions are identifiable, each of which requires different considerations and skills, and each of which involves dealing with a variety of outside agencies, groups and persons--the Provincial Government, municipal councils and municipal officials, school boards, ratepayers at large, immediate project neighbours, tenants, the general public, and the newspapers.

These three functions are:

Planning for assisted housing: this includes, at the Provincial, regional and local levels, the establishment of needs and targets, adoption of programs, selection of sites related to programs, identification of ancillary facilities, securing of local approvals, etc;

Development: design of housing, selection of construction method, contracting;

Management: maintaining lists of prospective tenants and owners, selection and placement of tenants, administration and maintenance of housing.

- The main issues relate to the desirability or feasibility of sharing and/or separating the responsibilities involved in the three different stages of meeting assisted housing needs.
- OHC has begun both to decentralize its activities and to delegate some of its management functions to local or regional housing authorities serving a large market. It has urged the establishment of housing authorities in Metropolitan Toronto and the other large cities where it still manages its housing units directly, but it does not intend to delegate the responsibilities for planning and development.

## RELATIONSHIP BETWEEN FEDERAL AND PROVINCIAL PROGRAMS

In the past, the Federal Government, through CMHC, has provided both the initiative and the funding, in form of loans and grants, to the provinces for housing assistance programs.

Over time, CMHC has developed a system of annual consultations with each province to arrange a capital budget for each assistance program to meet provincial needs and budgets.

Either through formal arrangement, as in the case of Quebec, or informally, the agreed fund allocation for the year is binding on CMHC. Usually, near the end of the financial year, unused funds from some provinces are made available to those provinces, like Ontario, which are able to use the funds in terms of their programs and financial capability.

As a result, Ontario has traditionally received the major share of Federal housing funds.

The present position of the Ontario Government is to demand a change from the system of categorical funding (allocation of funds by programs) to block funding (allocation of total housing funds to the Province, with the Province then deciding how to spend the money on housing).

The reasons for demanding block funding are:

- Uniform Federal regulations are not always applicable to Ontario.
- Some Federal programs are not very important to Ontario.
- Other programs which are not funded are of greater relevance to Ontario.
- There is unnecessary supervision and red tape involved in the present system.

Examination of the recent history of Federal funding in the housing field indicates that the last of the reasons--bureaucratic review--is a tiresome and time consuming exercise. The establishment of regional offices by CMHC may do much to overcome the irritable experience of

having to deal with "Ottawa" (which is identical to the municipalities' irritation in having to deal with "Toronto"). The detailed regulations for carrying out programs are a matter for negotiation with the provinces.

The other reasons--the need to fit funding to special provincial circumstances--may be important in principle but are perhaps less convincing as a matter of immediate importance. The general management of funding by CMHC apparently allows a great deal of flexibility, and rests heavily on Provincial initiative.

Generally, when a province knows how it wishes to spend the housing funds, when it has housing policies, when it has well defined plans and programs, there seems to be little difficulty in obtaining an appropriate Provincial share of the national housing funds and spending them in the most appropriate way.

That some Federal programs are less appropriate for specific Provincial needs than others is ground for negotiation as between programs, but not necessarily for outright block funding itself.

Block funding per se is an inadequate answer to the legitimate concern of the Federal Government that national housing objectives are being pursued with the funds set aside for this purpose. The Ontario Government will in any event have to develop Provincial housing objectives, either with or without block funding.

At the present time it is doubtful whether the housing funds available from the Federal Government would be spent substantially differently than as agreed to between the two levels of government. There are, at present, no criteria or guidelines for Provincial housing programs that could determine a more effective fund distribution than currently practiced.

The question of block funding really involves more fundamental questions of Federal-Provincial fiscal relations, and will presumably be resolved within a wider context. While the Province pursues this matter, attention should not be diverted from the serious question of developing suitable housing policies, plans and programs.

Once the Province has developed the required information, policies and plans, it may make little difference whether Federal housing funds for the Province are handled in the same way as now or in block.

What seems certain is that if the Province wishes to achieve high housing standards for all its citizens, it will have to add to whatever funds are likely to be available from Federal sources.

#### MUNICIPAL RESPONSIBILITIES FOR HOUSING

The primary responsibility for housing policy and for assuring an adequate supply of housing belongs to the Province, but the housing is built locally. Determining who is responsible for doing what is a problem of great concern to the municipalities, and is the dominant theme in the municipal submissions received by the Task Force.

The municipalities are conscious that they have merely regulatory powers to effect changes in housing and have little say over policy, even though housing needs are expressed most clearly at the local level. Some municipalities ask for more direct power in connection with assisted housing, while others suggest that they do not seek more control but more involvement in policy formulation and decision making affecting local housing matters.

The main concern, essentially, is that a decision be made as to who is responsible for determining policy and program guidelines, the mix of housing programs in a given municipality, and the detailed decisions on the specific projects in each municipality.<sup>6</sup>

It is significant that by far the strongest and repeated municipal criticism of the Province does not relate to housing but to planning. Municipalities urge the Province to adopt a planning policy consistent with its other development policies. They are particularly concerned about the lack of consistency between Provincial "planning policy" as expressed in land development controls and "growth policy"--leading to conflicts at the local level, where municipalities are not able to cope with resulting housing shortages.

The greater local interest in "planning" rather than "housing"--despite the realization that housing needs are a local concern--is similar to the Provincial practice in its regional planning efforts of ignoring housing as an element in regional plans. The municipalities' main interest is in the quality of housing and not the quantity. This is reinforced by their limited financial capacity to pay for services and community facilities, and is reflected in their preoccupation with development standards and site planning.

The concern with the quality of housing extends to concern with neighbourhood values, particularly in areas where the pressures for housing for all income classes (low-income row housing and high-rise luxury apartments) lead to conflicts with existing residents. Thus, while housing needs are in fact local in nature, and can be quantified on a local basis, the municipal responsibility for "planning" housing sites is difficult to achieve in many communities.

The municipal role in assisted housing is complex. The municipal relationship to OHC's moderate-income programs (HOME lots, condominiums) is no different than for any ownership housing in that it involves development approval.

For low-income housing, the municipality's relationship (except in Metropolitan Toronto) is restricted to:

1) A formal request to OHC to review the need for low-income housing; 2) Approval of the provision of a certain number of units for that particular need (a general approval that does not involve the municipality in the planning of projects or their detailed design); and 3) Financial participation in the approved project (7½ percent of the subsidy).

Thus the municipal responsibility is now minimal. It is confined largely to the pre-planning stage (asking OHC for housing) and financial management (the 7½ percent contribution). The municipal role in the planning stage is generally limited to dealing with zoning, and is more often negative than positive. It has no responsibility in housing management. Housing authorities (where they exist) are responsible to OHC rather than the municipal council, and the municipal role is largely one of registering and transmitting complaints.

In Metropolitan Toronto there is greater municipal involvement. The determination of the need for assisted housing is made by Metro, not OHC, and is based on more sophisticated techniques than are employed in OHC's local housing needs surveys. There is also closer examination of prospective sites by local officials, to the point where local elected officials are now effectively able to veto projects which they judge to be unacceptable to their community.

The main difference between Metropolitan Toronto and the other municipalities is that it has retained responsibility for building and managing senior citizen housing, and operates a current portfolio of some 7,000 units of such housing. (A small amount of municipal limited-dividend housing for senior citizens still exists in a few other cities.)

Very strong municipal concern was expressed to the Task Force at the lack of local consultation by OHC. This situation is now changing, and in a number of communities, especially the larger cities, there is a trend toward greater consultation. It is, in fact, OHC's conviction that the situation has changed so much that in many communities, particularly Metropolitan Toronto, it will be difficult to establish new public housing in any appreciable quantity.

There is a general municipal contention that the impasse in the provision of public housing can only be resolved by much greater municipal involvement in the development of policies for assisted housing in each community, and much greater participation in the planning stage, including the determination of the kinds of projects and their specific locations.

Most municipalities wish only to be allowed greater consultation. Some wish to be allowed to formally share these responsibilities with the Province. Others, notably Metropolitan Toronto, state that they are capable of planning, developing and managing all assisted housing programs in their area, and that the Provincial role should be restricted to financial participation.

The claim for greater municipal involvement in decisions concerning public housing has been extended to the entire range of government housing programs, not only public housing. There is a strong municipal contention that housing programs should be set in accordance with local

criteria, to meet locally-determined needs.

It is likely that some of the new NHA programs, such as neighbourhood improvement and residential rehabilitation, will be administered directly by the municipalities. There is now a strong municipal claim that this be extended to provide for complete block funding, and the arguments employed are similar to those pursued by the Province in its dealings with the Federal Government --including the resistance to bureaucratic regulations.

The argument against municipal block funding is essentially the same as at the federal level. It is that the Province must be assured that its funds, and the funds it controls (Federal grants and loans), are employed to meet Provincial housing policy objectives.

This argument can be extended beyond the question of formal housing programs as such: It is a Provincial responsibility to ensure that municipalities implement Provincial housing policies, and that they act to achieve, rather than inhibit, Provincial housing objectives. (Just as it is Provincial responsibility to ensure that other Provincial programs do not serve to inhibit the achievement of Provincial housing objectives.)

Within this context there is clearly room for much greater local involvement in housing. A range of solutions can be postulated.

In some communities, perhaps most, the present arrangements (but allowing for greater local consultation) are probably satisfactory.

In Metropolitan Toronto and some other large cities it is probably advisable for the Province to turn the basic housing responsibility over to the municipality, operating within clearly defined Provincial guidelines that ensure achievement of Provincial housing objectives.

In others, some partial devolution of housing responsibility should be sought.

These alternatives are considered in the last section of this report. Crucial to all of them is the principle that municipal responsibility in housing involves the obligation to achieve Provincial, as well as local, housing objectives.

### 3. HOUSING AND GOVERNMENT STRUCTURE: THE OPTIONS

Provincial housing responsibilities are determined by housing objectives, and government structure and organizational details must relate to those housing objectives. Working Paper A, Housing Issues and Housing Programs, listed the Provincial housing objectives that appear to underlie present government activities, and recommended these and others for formal adoption by the Province.

Arising from the housing objectives and from the Task Force's review of housing development in Ontario generally, the housing responsibilities for which the government structure should be designed are:

- To link directly the regulation of community development to housing production;
- To coordinate regional development plans and programs with the process of providing housing locally;
- To determine the current and future housing needs for all persons and families in all housing market areas of the province;
- To establish housing priorities, both socially and geographically;

- To prepare and adopt a housing development program, with specific housing targets, for each of the housing markets in the Province that conform with regional and local development plans;
- To establish a mechanism to assure the implementation of the housing development program by the private, public, and voluntary sectors;
- To provide for the financial management of the housing development program as part of the Provincial short-term and long-term budgeting process;
- To organize the provision and management of assisted housing in a manner that assures an equitable achievement of provincial housing objectives, having adequate regard to local community development objectives and local housing responsibilities.

The first and primary concern is with the structure of the Provincial Government, because housing is its responsibility. The other main concerns are the allocation of housing responsibilities to the municipalities, and the relationship with the Federal Government.

#### Government structure

In its earlier studies, the Committee on Government Productivity recognized the need for both a focus and a locus for housing in the Government structure, and recommended the establishment of a Ministry of Housing within the Social Development Policy Field, with the Ontario Housing Corporation serving as the main administrative arm for the Minister. This recommendation has been reviewed, together with other options.

The alternative approaches for structuring the Provincial Government's housing policy and program activities are:

1. A Coordinating Staff Group with the existing distribution of responsibilities;
2. A Minister and Coordinating Agency;
3. A Ministry of Housing in an existing Policy Field;

4. A Ministry of Housing outside an existing Policy Field;
5. A Ministry of Housing in an Urban and Regional Development Policy Field.

The order of these alternatives depends to an increasing degree, first, on the priority assigned to housing and, second, on importance attached to the relationship between housing and urban and regional development.

- 1) A Coordinating Staff Group with the existing distribution of responsibilities. This is the traditional way of dealing with an emerging problem--a staff group with information and coordination functions reporting to Management Board or Cabinet Policy Committees. Policy decisions would be handed to individual agencies with the coordinating group monitoring progress.

This alternative may be a suitable solution for a passing or short-lived government responsibility. In the case of housing it would provide little improvement to the present organizational situation. Such a group could not command enough attention and could not assure performance.

- 2) A Minister and Coordinating Agency. A Minister would become the spokesman for housing, with the coordinating agency performing the same functions outlined above. This alternative somewhat strengthens the coordinating group but it does not give the group or the Minister direct housing program responsibilities.

To overcome this weakness, it is possible to designate a Minister who already has a strong relationship to some housing activities in, say, the Social or Resource Development fields, or in TEIGA or OHC. However the Minister is designated or attached, he would remain with limited and partial control over housing programs.

- 3) A Ministry of Housing in an existing Policy Field. The significant differences here are the acknowledgement that housing responsibilities require a permanent staff with technical and professional expertise, and that a Ministry is needed that can be responsible for both policy and programs.

If the present Policy Field structure is to be respected, the Ministry of Housing could be attached to one of the Policy Fields, either Resource Development or Social Development, or to TEIGA.

The two Policy Fields, and TEIGA now share housing and housing-related activities. To put the Ministry of Housing in either of the Policy Fields would tend to emphasize a particular aspect of Provincial housing responsibilities --social or physical--at the expense of the other. To put the Ministry into TEIGA would also tend to emphasize a particular aspect, in this case economic and regional development, but would at least place the housing responsibility together with the Provincial and local planning responsibility.

- 4) A Ministry of Housing outside an existing Policy Field.  
To leave the Ministry of Housing unattached to any existing Policy Field or to TEIGA is a variant, although a significant one, from the previous alternative. The functions of the Ministry would not be different, but it would be independent from the particular influences of any one Policy Field. This would also mean more transfers of responsibilities to the Ministry of Housing from existing ministries.

The operations of TEIGA demonstrate that it is possible to establish a Ministry that covers a wide area of government policy responsibilities operating independently of the Policy Field structure. TEIGA achieves this, in part at least, because it is represented directly on the Policy and Priorities Board of Cabinet, and hence functions with the same level of authority and status as the designated Policy Fields.

A Ministry of Housing established outside an existing Policy Field is conceivable in the emerging and flexible structure of Ontario's Government. For a Housing Ministry to function effectively, equivalent status and authority would be required. This alternative may be regarded as particularly appropriate if it is seen as a short-term arrangement leading to the last alternative considered.

- 5) A Ministry of Housing in a new Policy Field. As a long-term aim, that puts housing policy and programs into a realistic context of Government operations, the housing responsibilities should be set in a field that is concerned with all aspects of urban and regional development--an Urban and Regional Development Policy Field.

This alternative goes well beyond the terms of reference of the Task Force, since it would affect in a major way both the Resource Development Field and TEIGA, with implications that cannot be examined by the Task Force. It nevertheless presents an appropriate structure for examination as a possible framework for the Government to work towards to achieve integration of policies and programs for Ontario's future urban settlement pattern, in a way that provides adequate housing according to regional growth objectives and that protects the natural environment.

Whatever alternative is pursued, the continuation of OHC is assumed. It has many functions, as already described, and most of these functions have to be carried out one way or another.

That the Corporation has become, in fact if not by design, the prime generator of housing policy, and that this is not the suitable way to establish Provincial housing policy, does not detract from the need for an operating mechanism to provide housing and land programs.

Such an organization need not necessarily take the form of a Crown Corporation but could be part of a normal departmental organization. Nevertheless, the very real advantages of utilizing a Crown Corporation as a development arm should not be discounted.

What is important is that in any new Government structure that is established for housing, the policy role--and therefore the assignment of responsibilities--should be clearly lodged in a Government department under the direction of a Minister.

It has been stressed that the present Government structure in the housing field is indeterminate, and that policy formulation and programs on housing and matters directly

affecting housing are dispersed. New Provincial-municipal arrangements in other fields are based on the theory of the separation of policy from program "delivery". As a general principle of government it has disadvantages. Policy formulation without program responsibility can lead to irresponsible policies, or at best to ill-informed and ineffective policies. Conversely, program responsibility without the duty to assess their policy implications leads to irresponsible program administration. It is therefore correct to support COGP's finding that OHC should be lodged in a Housing Ministry.

### Municipal responsibility

The question of municipal housing responsibility is best seen in the context of the Provincial Government's primary responsibility for housing. This responsibility can only be carried out by the Province, but its implementation can be delegated.

It is a Provincial responsibility to ensure that its housing objectives are achieved. These objectives should be developed within the context of Provincial regional development policies and should equally be secured within the context of municipal urban development policies and programs.

Municipalities may be able under given circumstances to undertake specific responsibilities in connection with the Provincial housing objectives. Where they are able and willing to do so, it is appropriate that they be given suitable authority for this purpose.

The matter is closely related to the analogous question of the delegation of Provincial planning responsibility. It is intended in the regional government program that Provincial planning responsibilities be delegated to a great extent to the regional municipalities, operating within the framework of Provincial guidelines and policies.

The basic requirement for such delegation will presumably be the regional municipality's commitment, through its planning and development program, to achieving Provincial objectives. An identical arrangement can be stipulated for housing; that is, a municipal commitment, through adopted plans and programs, to the achievement of Provincial as well as local housing objectives and housing goals.

These objectives, it should be noted, transcend what is perhaps the most contentious issue involved--securing municipal agreement to the establishment of public housing where the residents are opposed. Municipal commitments are required for the entire range of Provincial housing objectives and should include, for example, expeditious dealing with all matters relating to housing and land development. Provincial commitments are also necessary for financial support for housing, for example.

It is not expected that identical arrangements can be secured in all the municipalities, as local circumstances differ considerably. What is required is a mechanism whereby the Provincial and municipal responsibilities in any given urban area are clearly outlined and the respective commitments spelled out.

The suitable vehicle for such an arrangement is, in effect, a Housing Plan for the urban area. An essential part of the Provincial commitment to achieve its objectives, as part of such plans, would be clear stipulations as to the procedures it will employ to ensure that suitable municipal actions are taken to secure adequate housing provision.

#### Federal-Provincial relationship

The Federal-Provincial relationship in housing and urban development may be a less complex issue than is generally assumed. Ontario is the most populous province in the country and the wealthiest. Its people are probably also better housed, by and large, than the people in other provinces. It generally expects more from the national housing program than do the other Provinces, and can expect to accomplish more.

The financial arrangements between Ontario and the Federal Government have been changing and will continue to change. Each jurisdiction has responsibilities as to the manner in which public funds are being spent. Many of the national housing programs derive from provincial programs and the funding pattern has changed over the years according to needs established by the provinces. It is essential that Ontario know what it needs, know how to provide for these needs, and know how to secure its share of Federal funds to use in a way that will satisfy its needs.

The first priority is to set up a machinery suitable for developing Provincial housing policy and a suitable means of implementing that policy. The financial allocation formulas should follow, not precede, this basic step. If past Federal-Provincial relationships offer a valid guide, it can be expected that the financial formulas for housing will be adapted to fit new circumstances.

## 4. CONCLUSIONS

### Government Structure for Housing

Government organization should be designed for the effective achievement of Government purposes. The review of the Ontario housing situation by the Task Force has led to the identification of Governmental housing responsibilities, and has shown that the present Government structure is not capable of dealing either with the general housing development problems in the Province or with the current housing costs and housing shortages.

Two major considerations affect recommendations for a Provincial Government structure for housing. First, housing is so intimately related to urban and regional development that policies and programs in all these fields must be seen and developed as a whole rather than in isolation.

Consequently, the organization of Government must be structured to allow the closest possible working relationships between agencies dealing with housing, urban development, and regional development. In making recommendations for Governmental organization for housing, these relationships must be more than kept in mind: They must color the structure to be recommended.

The second consideration is the recent reorganization of the Provincial Government. Very drastic changes were made, involving the transfer of functions. A large organization, public or private, takes some time to adjust after a major reorganization, and by some accounts new working relationships are just beginning to become established. Any changes now should be introduced only in stages, and where the transfer or merger of functions constitutes a natural evolution of the consolidation of related government policies.

The most suitable long-term aim should be to combine the urban and regional development activities of the Government together with housing in one Policy Field. To create this structure now is not recommended. Nor can the Task Force prescribe all the steps leading to the formation of such a policy field, with all of the implications this has on the other Policy Fields.

The first step that is taken should provide an adequate organizational structure for setting housing policy and facilitating its implementation. It should also allow the Government to move in different organizational directions as experience develops and circumstances dictate.

In this sense the first step should be an interim step that allows for eventual realization of the long-term aim. What is recommended at this time is the establishment of a Ministry of Housing, outside a policy field and separate from TEIGA, as outlined previously in the fourth alternative.

The Ministry of Housing should be responsible for and assume control over the following activities:

- All of the responsibilities arising from the Government's housing objectives, as outlined earlier (page 29).
- The Ontario Housing Corporation with the activities now performed by the Corporation, although some of these activities may be reassigned to other Provincial agencies and to the municipalities, and the Corporation may assume additional duties in connection with housing and urban development.
- An Ontario Housing Finance Corporation, which is intended to be a restructured Housing Corporation Limited with wider functions dealing with all the financial aspects of housing assistance, such as second mortgages, subsidized mortgages, and conventional mortgages for areas where mortgages are hard to get.

Important related activities are now found in TEIGA. These deal with the complete range of urban and regional affairs: regional planning and development, development control, local government, and municipal assistance programs.

These activities are closely related to the setting of housing policy and the achievement of housing goals. So crucial is this relationship, in fact, that it is difficult to see how an effective housing policy and program could be carried out without a direct structural affiliation.

A single Ministry of Housing, Planning and Local Government, with a major voice in Cabinet decisions through membership

on the Policy and Priorities Board, is desirable. It is possible, though not necessarily likely, that the suggested scope of activities is too broad for one Ministry. In this event, consideration could be given to establishing parallel Ministries concerned with housing and with urban and regional affairs, linked in turn to a mini-policy field.

There is no real basis, however, for suggesting that a single Ministry would not be able to function properly, or that it would not have a suitable level of Cabinet authority.

Among the wide range of responsibilities assumed by the new Ministry, there would be three major types of functions:

- Policy and planning
- Development
- Management

The policy and planning functions would include the establishment of the Provincial housing development program; direction of programs affecting the private, public, and voluntary housing sectors; the guidance and regulation of community development; the establishment of regional planning guidelines and objectives; and the setting of financial housing policies in the context of government budgeting. These would be the principal duties of the Ministry.

The development functions would include all direct and indirect assisted housing and community development activities, land acquisition, and financial housing assistance. These would be the duties of the two crown corporations -- OHC and OHFC -- under the direction of the Minister.

The management functions would include the management of undeveloped public lands and leased housing land; the selection and placement of tenants, administration of rent scales and other housing-assistance program regulations; and the management of public housing and related community

facilities. These duties would be shared between OHC and selected regional or local municipalities.

#### Organization for Direct Housing And Housing Development Programs

This is a summary of prospective Ministry activities. It is not intended to be a precise description of how such a Ministry would be expected to function. To determine this would, in fact, be one of the first tasks that the Government would have to undertake in implementing this recommendation. The outline here is intended to illustrate the likely scope of the housing activities the new Ministry would be expected to carry out, as well as related local activities.

Establishing need and housing targets; responsibilities for meeting need. The Ministry would be responsible for establishing, in accordance with a Provincial housing development program, Provincial housing needs and regional distribution by housing market areas of future needs, by phases and by type of assisted housing.

In consultation with regional and local municipalities, the Ministry would establish regional and local assisted-housing program targets. Together with estimated unassisted housing production, this would be related to a Provincial primary service program and form the basis for allocating financial assistance to municipalities to support the provision of secondary services and community facilities, such as schools.

An annual review would monitor performance, measure achievements, and adjust targets where necessary.

Development of Assisted Housing. OHC, with OHFC, would be responsible for preparing housing plans and detailed programs for each housing market area in accordance with targets set by the Ministry.

The Ministry's Local Government Services Division (transferred from TEIGA), would be responsible for coordinating the provision of community facilities provided through other departmental programs.

Plans and programs, including decisions on the mix of

housing programs to be used, types of units to be provided, and site selection, would be prepared in consultation with regional and local municipalities.

The degree of local initiative and participation in preparing plans and programs would be expected to vary, from almost complete responsibility in the case of Metropolitan Toronto, for example, to a continuation of the present level of OHC municipal consultation in a number of communities.

These arrangements would vary from place to place, and over time, and would be directly related to the housing management functions described below.

In essence, the provision of assisted housing would be intended to implement predetermined targets arrived at in consultation with the municipalities.

#### Management of Assisted Housing

Management of the land required for assisted housing (such as leased lots and land assembly for housing or community development) would continue to be OHC's responsibility throughout the province.

For assisted housing, it is intended that the complete range of housing management functions in each area be handled either directly by OHC or by the local or regional housing authority.

These would be established for defined housing market areas by agreement between the Ministry and the municipality or municipalities involved, and could cover individual municipalities, regional municipalities, or groups of municipalities, possibly on a county basis.

Where authority management is in effect, OHC would be available for management assistance and staff training. For all assisted-housing activities, OHC could retain responsibility for annual financial and performance audits.

#### Composition of Local Housing Authorities

With the prospect of assuming greater responsibilities, the composition of local housing authorities would require

review. Since the municipalities will adopt housing targets (and through financial arrangements with the Province will be obliged to help provide the required housing) they must have direct representation on the housing authority.

Equally, the local planning agency and the local school board should be represented on the authority.

Finally, the Ministry of Housing should be directly represented on the housing authority, to ensure information flow and quick negotiation channels between the agency responsible for the Provincial housing development program and the local management area.

The housing authorities, as reconstituted, would essentially be responsible to both the municipalities and the Ministry. Strong arguments have been made about the likelihood of local political interference in the operations of the housing authority under this kind of arrangement. Nevertheless, the need for local responsibility and accountability in the operation of local housing programs is essential.

What is envisaged, in essence, is an intensification of OHC's developing policy of decentralization and partial delegation, with the addition of the critical element of local political responsibility.

It is not feasible at this stage to identify the areas in which local housing authorities would be expected to take over full management responsibility. Housing market areas have to be defined, housing needs determined, housing authorities established or reorganized, and criteria for management control developed before a decision can be made in each housing area.

### Metropolitan Toronto

In Metropolitan Toronto it is not difficult to arrive at a conclusion about housing responsibility. This responsibility now is both shared and duplicated. Metro itself has a very large program of senior citizen housing to complement OHC's public housing -- including a competing waiting list; OHC's activities in Metro are carried out mainly at Metro's initiative and are increasingly subject to Metro's veto. This situation lends itself to political speech-making, but

is not conducive to satisfying the housing needs of the area.

As discussed earlier, ultimate delegation of housing responsibility to regional and local governments is considered a proper goal. As a basic principle, the Province should establish suitable objectives for each of the five provincial regions, and the municipalities should carry out programs that conform to this framework.

The most suitable place to begin this process of delegated responsibility for housing is with Metropolitan Toronto. It already has nearly half the stock of public housing. In addition, Metropolitan Toronto provides an extensive social assistance program which, at least in part, gives aid to the same persons eligible for assisted housing programs. There is great merit in the joint administration and management of social and housing assistance programs.

Most of the serious issues that affect the operation of public housing are found most intensely in Metropolitan Toronto, and it is desirable that the crucial functions of tenant selection and tenant placement be integrated with the provision of social welfare services and community facilities programs that are now a Metropolitan or local responsibility. Metro is also the most mature of the two-tier regional governments and a suitable arena in which to work out the respective housing responsibilities of the two levels of municipal government.

The issue in Metropolitan Toronto is not particularly complex. It is not rational to have two housing programs, two sets of waiting lists, two site selection programs, poorly related responsibilities, and obscure means of accountability. Under whatever auspices, there should be a single, comprehensive housing program in Metropolitan Toronto.

If it is concluded that this area, with its very large population, economic resources and administrative skills, is not capable of developing and managing a housing program, then it must also be concluded that such responsibilities cannot be delegated to the municipal level anywhere in the Province. In a sense, if for no other reason than its symbolic value, it is important that housing responsibility be given to Metro.

To accomplish this, the new Ministry would have to work out,

in detail, the specific requirements that should be met for any municipal government to take over this function. What is required, in effect, is a Housing Plan -- a plan developed in consultation with the Province and the local municipalities, that sets out comprehensive housing policies, mutually acceptable housing targets, and programs for meeting those targets.

### The Metro Market Area

By itself, however, Metropolitan Toronto does not constitute a housing market area. In fact, the Metro market covers at least its own jurisdiction plus those of the three regional governments that will surround it beginning next year. Thus it is not really possible to set realistic housing programs within Metropolitan Toronto that do not relate to programs beyond its boundaries.

The main reason for this lies in the Province's decision to establish the regional government pattern in the way that it did. As a result, there is a clear Provincial obligation to ensure that adequate housing programs are carried out in the areas that surround Metro, and this may well require a substantial degree of direct Provincial involvement, as well as suitable mechanisms for inter-regional collaboration.

Delegation to Metropolitan Toronto, therefore, is a firm conclusion at this time. Other large cities, particularly Hamilton, Ottawa and Kitchener/Waterloo, may also be willing and able to assume the complete range of housing responsibilities. If it is accepted that delegation of these responsibilities should be pursued as an ultimate goal, then early consideration should be given to this possibility in these cities as well. In the large urban areas under the two-tier regional local government structure the delegation arrangements should also allow for local municipalities to exercise their own option to assuming housing responsibilities if the regional municipality is unwilling to do so.

Broader Role for Ontario Housing Corporation. OHC's initial role as a public housing developer has expanded in a short time and now covers many housing and community development activities, including land banking. In future even more will be required of the Corporation in connection

with new community development, implementation of regional development plans, development of moderate-income housing as a non-profit corporation financed by OHFC, and possibly working with municipalities in rehabilitation activities under the Neighbourhood Improvement Program. The scope of OHC's responsibilities under its broader urban development role would be established as part of the Housing Ministry's program.

### Administration of Housing Laws and Regulations

Recommendations for improvements in administration are easy to make and hard to implement. Two factors prevent streamlining the regulatory process: 1) The natural, if not always commendable, tendency of officials towards caution; and 2) The public's negative view of "development" and its use of existing laws and regulations to preclude "development" -- that is, housing.

The regulation of the housing development process is a sensitive operation requiring technical expertise in the fields of construction, engineering, architecture, planning, real estate, finance, law and government. Continual review is needed to keep the laws and regulations, and their administration, relevant to innovations in housing and to people's changing preferences.

The Ontario Housing Advisory Committee has in the past performed a useful advisory function to the Government in the housing field. It represents most of the housing principals -- the professions, industry, and government -- but it lacks representation from consumers and from the social development area. The Minister of Housing would be expected to review the possible role and composition of this committee.

Provincial and municipal regulatory agencies do not consider housing production as part of their responsibilities in the administration of land development controls. It may be assumed that when housing policies and programs become part of the planning process at both levels of government, that the laws and regulations concerning "development" will be administered for the benefit of "housing".

To achieve this, housing policies should be explicitly required as part of municipal official plans, and in regional governments areas the responsibility should be

assigned to the regional level. But even when housing responsibilities become a recognized function and concern of development administrators, there still will be need for the following clarification in the regulatory process:

- There should be clearer understanding about which approvals have to be obtained from which agency. The need here is for accountability through determination of responsibility for development approvals, distinguishing between Provincial and municipal responsibilities and identifying clearly the final responsibility for approval.
- Many of the regulations to be met are procedural and not necessarily found in the laws and regulations. The need is for written and published policies, regulations, and procedures to be followed, for time constraints and for appeal from administrative decisions.
- Despite the final responsibility of the Province for the control of land development, most of the immediate responsibility can and should be delegated to the regional and/or local level. The Province should establish its regional development goals as expeditiously as possible, and then delegate to the municipalities the authority for regulating development in accordance with these goals. The Province would however remain the final authority with respect to appeal against municipal decisions.
- The standards employed, at both the municipal and provincial levels, are usually in excess of what is required for securing adequate housing. The Province should therefore establish suitable minimum development standards, and not allow municipalities to impose higher requirements.

Most of the specific requirements and changes which should be made in The Planning Act and in the application of development regulations are included in the comprehensive recommendations that have been put forth by the Ontario Economic Council. These should be given immediate consideration by the Provincial Government.

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APPENDIX\*

GOVERNMENT ACTIVITY IN HOUSING

The activities of government have been categorized according to the major functions performed in the overall housing delivery process. This enables recognition of the relationships of different activities in the process.

DESCRIPTION OF GOVERNMENT  
ACTIVITIES IN ONTARIO

Broadly speaking, the major areas of government responsibility are generally different for each level of government. The federal level is mainly concerned with the macro scale of socio-economic functions and to a lesser extent with specific features of the development process and locational factors. Provincial Government is deeply involved with the greatest impact on performance of the housing market in Ontario, the development process including locational factors and regulatory matters, as well as socio-economic matters at the provincial scale.

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\* Extracted from Provincial Housing Responsibilities and Government Structure, Kates, Peat, Marwick & Co., June, 1973.

The local government is concerned with property development and management within its territory including the critical aspect of the value of property which is the basis of municipal revenues. The major roles are described in the preceding letter report.

#### Determining Need and Setting Policy

There is no government agency involved in determining overall need and setting policy, but some agencies are involved in examining need for certain segments of the population:

##### Federal:

- CMHC, based on information provided by Statistics Canada and its own Research Division sets housing targets each year and provides funds accordingly for those who can qualify for loans.
- Ministry of State for Urban Affairs, set up to develop policy and co-ordinate activities of other federal agencies as they impact on urban issues, is still in the early stages of establishing its role in operating terms. It has commissioned a series of need studies published within the past 18 months.

##### Provincial:

- OHC does need studies in municipalities prior to developing public housing and HOME program land. However, these studies must be requested by the municipality before OHC can begin.
- Ministry of Colleges and Universities is responsible for establishing priorities among the province's colleges and universities in terms of need and recommends those priorities to the Ontario Student Housing Corporation.

##### Local:

- Local government, at its own discretion, requests

OHC to carry out need studies. (Metro Toronto does its own need studies.)

### Influencing and Determining Location

All three levels of government are involved in this activity. At the provincial level, two policy fields (Social Development and Resources Development) and a Ministry (Treasury, Economics and Intergovernmental Affairs) are active:

#### Federal:

- Urban Affairs is in the process of establishing a co-ordinating role for relating federal activities as they impact on urban development and quality.
- Ministry of Transport, in its role for air, marine (ports) and surface (rail) transport, helps determine the location and development of communities.
- Department of Public Works is the developer and manager of federal real property but not for housing which is the responsibility of CMHC, increasingly through provincial housing corporations.
- Department of the Environment through setting standards and monitoring environmental quality can affect the growth of areas.

#### Provincial:

- Ministry of Education, through establishing funding allocations among various local school Boards controls the location and extent of new educational facilities without which new communities, infill, redevelopment, and urban expansion cannot be built.
- Ministry of Transportation and Communications has responsibilities related to the provision of roads and transit facilities throughout the province and thus has a considerable degree of power in determining location, extent and nature of land

development. The communication role is likely to become increasingly more important in the future.

- Ministry of the Environment develops policies and finances the provision of some services such as water supply and sewage disposal, and these services determine where development may take place.
- Ministry of Industry and Tourism encourages industries to develop in economically under-developed areas of the province which can encourage additional housing construction in these locations.
- Ministry of National Resources, through its program of land acquisition for recreation and related uses and the encouragement of the development of municipal parks, has some impact on where new housing will be developed.
- Ministry of Treasury, Economics and Intergovernmental Affairs, Urban and Resources Affairs Wing, has two divisions active in determining housing location. The Local Government Services Division administers the Planning Act which by allowing the municipalities to enact by-laws helps determine housing distribution. The Urban and Regional Planning Division is responsible for the preparation and implementation of comprehensive regional development plans.
- The Ontario Housing Corporation, through its land assembly program and financial assistance programs, is involved in determining location of housing.

Local:

- Planning Department helps develop the Official Plan and zoning regulations which determine the location of housing and supporting facilities.
- Public Utilities, including Transportation, locate the in-city services and are responsible for their implementation which helps set convenient locations for housing.
- School Boards, by selecting the location of new or enlarged schools, help establish where housing can be built.

### Enforcing Regulations

This activity is mainly carried out by provincial and local agencies, with slight federal involvement. At the provincial level three policy fields are involved.

#### Federal:

- National Capital Commission operating in the Ottawa region, helps determine what types of development can be allowed and when and where they can occur.

#### Provincial:

- Attorney General's Department contains special purpose bodies with a regulating nature such as the Assessment Review Court, and the Ontario Municipal Board which make approvals on various development issues.
- Ministry of Consumer and Commercial Relations has a consumer protection program related to the sale of new houses, including those built under the Condominium Act and this results in the enforcement of minimum standards of construction.
- Ministry of Transportation and Communications in planning road and transportation facilities and in administering grants to municipalities for the provision of such facilities, helps regulate the extent and nature of urban development.
- Ministry of the Environment sets and administers standards related to provision of services.
- Ministry of Health, by setting minimum standards for occupancy and other conditions controls the quality of housing in use.
- Ministry of Treasury, Economics and Inter-governmental Affairs, by the Municipal Services Division, through the Planning Act, allows municipalities to set standards for subdivisions and for building construction and maintenance and is involved in consent for separations.

collects taxes.

- Welfare Department issues welfare payments which can be used for rents.
- Municipalities fund major portion of trunk services.

#### Promotion Research and Development

Research and development should be defined to cover all aspects of the housing delivery process. A number of federal and provincial agencies are involved in selected research of part of the process. Of particular concern, should be government's role for stimulating innovation in housing design and in community aesthetics.

#### Federal:

- Central Mortgage and Housing Corporation does in-house studies and administers grants for unsolicited research through Part V of the National Housing Act. CMHC has also launched an "innovative housing" program and is about to undertake studies of housing need.
- The Department of Industry, Trade and Commerce, through the BEAM Program of the Construction Materials Division carries out studies to assist the materials industry. The Department, through other programs, wants to stimulate innovation in designing techniques.
- The National Research Council, through the Division of Building Research, carries out studies on all aspects of building, design and construction and publishes the results.
- The Ministry of State for Urban Affairs also does research work as a basis for policy.
- Statistics Canada, by its very nature is a research organization.

Provincial:

- Ontario Housing Corporation conducts research related to its activities using outside consultants and its own staff. Activities include the construction of experimental housing and studies of user needs, and building technology.
- Ministry of Treasury, Economics and Intergovernmental Affairs, conducts research in both its Urban and Regional Planning Division and Municipal Services Division.

Local:

- Metro Toronto initiates and carries out its own studies of housing need.

Housing Development  
and Property Management

Housing development is mainly carried out by CMHC and OHC and includes full recovery housing as well as subsidized housing. Management of the public housing to be carried out either directly by OHC or by private management firms, or by local housing authorities created by the Province and operating under OHC regulations. Three local governments are also involved in project development and property management: Metro Toronto and the City of Windsor build and manage housing for the elderly within their jurisdiction; and the cities of Oshawa and Ottawa build and manage limited dividend housing.

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